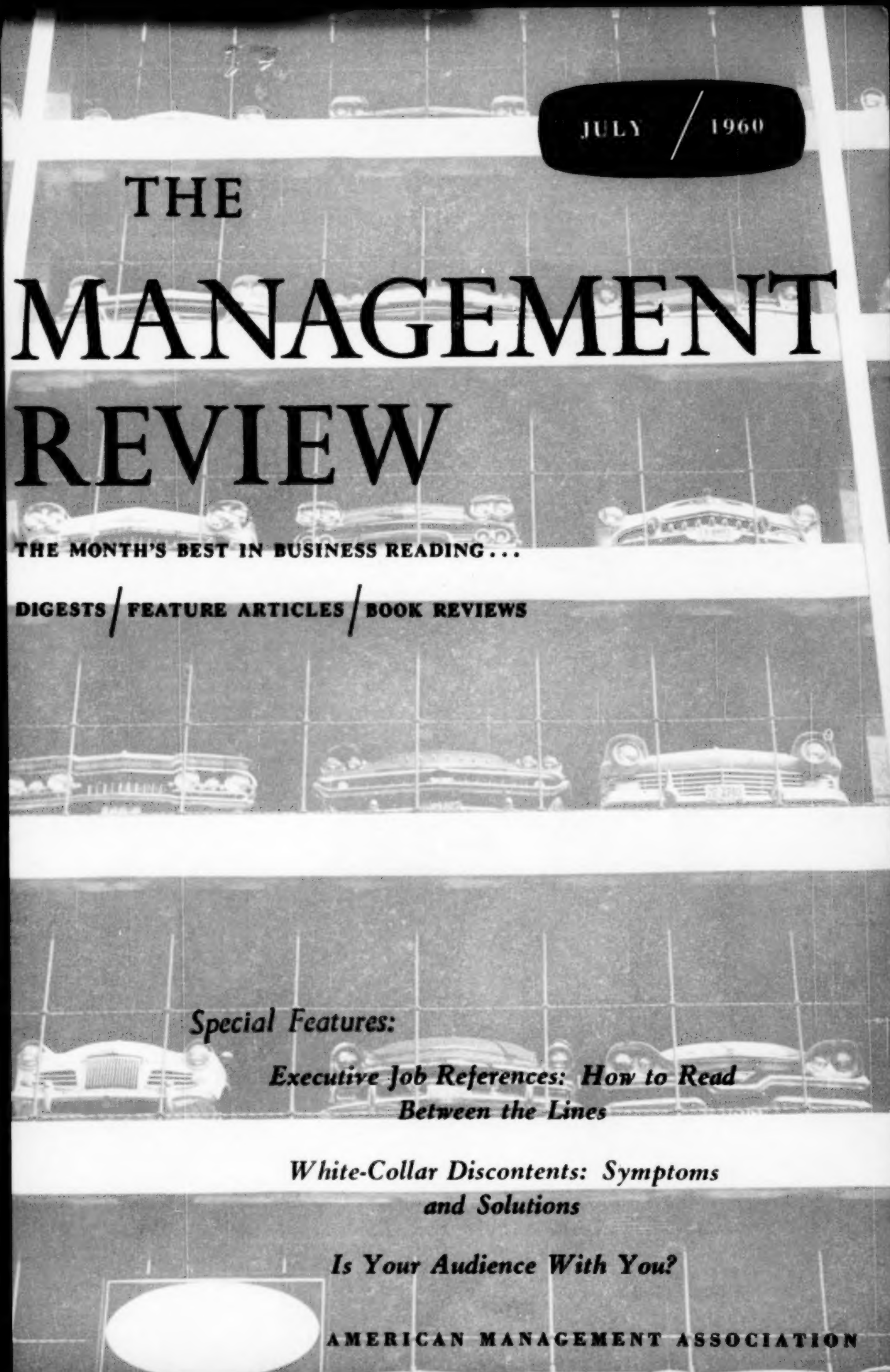

JULY / 1960

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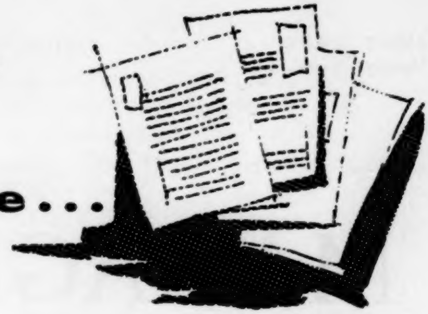

in this issue . . .

- **"Your frank opinion. . ."** The higher up the job opening, the more management must find out about the past job performance of any outside candidates it is seriously considering. Here, of course, is where the reference check comes in, but too often it does not yield all the facts it should. In this month's opening feature article, *Executive Reference Checks: How to Read Between the Lines,* RAWLE DELAND gives pointers for getting at the real story behind a reference that, taken at face value, could give a false impression.

- **"To Whom It May Concern. . ."** Taking its cue from Mr. Deland's article (above), this month's cartoon feature (page 9) provides a pocket translator for use in the executive reference-check.

- **What Office Workers Want. . .** The answer isn't necessarily a union. But by failing to create the environment that is essential for morale, management may be inviting problems into the office—some of which eventually find their outlets through "duly elected representatives." WENDELL L. FRENCH's article, *White-Collar Discontents: Symptoms and Solutions* (page 11), has something of practical interest to say to every executive concerned with office personnel —unionized or not.

- **How Not to Lose Your Listeners. . .** Audiences, by and large, *want* to be interested, but the speaker has to give them half a chance. This means, among other things, that lengthy introductions often kill the point, and so, without further ado, we refer the reader to MILTON WIKSELL's article on page 17, entitled *Is Your Audience With You?*

—THE EDITORS

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Volume XLIX, No. 7

THE MANAGEMENT REVIEW

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EXECUTIVE JOB REFERENCES:

How to Read Between the Lines

■ ***Rawle Deland***
Partner, Thorndike Deland Associates

IT HAS BEEN SAID that John Dillinger had three glowing letters of reference in his pocket on July 22, 1934—the day the FBI finally closed in on him and shot him down. Whether or not the story is true, it does illustrate the danger of accepting references without going beneath the surface to check their reliability.

We seldom see a "To Whom It May Concern" letter any more, apparently because it became obvious that no one ever wrote an unfavorable one. But references have become more important than ever—particularly when executives are being recruited to fill responsible positions. Men experienced in executive placement have found that half of all executive candidates who survive intensive screening up to the point of the reference check are disqualified at that juncture. In other words, if you don't check references in depth, you stand a 50 per cent chance of hiring someone who won't work out as planned.

Of course, it would be nice to be able to accept people on their face value and not check up in any way on the accomplishments claimed, but it has proved to be a poor way to hire executives. There

are always a few people who will actually falsify their records, and there are many more who will conceal bad points or hidden faults. But there's a positive side to reference checks as well: Knowing what a man has actually done is a great help in assessing his capabilities for another job.

ROSE-COLORED REFERENCES

How many times have you been asked to give an opinion of someone, and how often have you glossed over faults, hit the high spots, mentioned only favorable qualities, or just generalized to "give the fellow a chance"? Most of us have been guilty of this at one time or another, and it's reasonable to expect that others are similarly inclined. With the best of intentions, people are likely to be slightly dishonest in a positive way—they paint too bright a picture. Even when they feel constrained to mention something that might prove detrimental, they may try to minimize its importance with such phrases as, "Of course, I didn't know him very well," or "He was rather young at the time, and I wouldn't want to judge him on that basis." Perhaps the height of evasion was reached by one executive who answered a request for a reference with this resounding recommendation: "I think he would be eminently well qualified for any position for which he is suitable."

It is important to keep these tendencies of reference-givers in mind and to try to get beneath the surface—to probe gently until the real facts come through.

WHAT TO CHECK

There are three basic kinds of references: academic, personal, and business. It is seldom necessary to verify an academic record unless the applicant's veracity is already suspect. In such cases, a letter to the college can establish his honesty or dishonesty—which is more important than the facts themselves as an indication of his character.

There are only three elements necessary for a valid college listing on a resumé: the name of the college, the degree, and the year the degree was received (e.g., M.I.T., B.S., 1950). Any discussion of the degree or the year on the resumé might give rise to the suspicion that the applicant did not graduate, but is trying to give the impres-

sion that he did. Although a degree is frequently required for a given position, many firms give equal or greater weight to actual experience and performance, and a non-college man usually stands to lose much more than he gains by stretching or inventing college experience.

Personal and business references are far more important when considering candidates for executive positions. Credit reports may be helpful when used to supplement information gleaned from references and interviews, but they are no substitute for personal reference information obtained by someone who knows both the candidate and the requirements of the position.

STEPS IN CHECKING REFERENCES

Here is a pattern for making a good reference check that has been found helpful over the years:

1. *Throw away the listed references*

If you know some of the listed references yourself and believe they'll be frank with you, it is of course wise to get their opinions. On the whole, however, the value of listed references is quite limited. It's only natural for an applicant to list only people who will say nice things about him. It's far more useful to get in touch with each previous employer and find out to whom the candidate reported. Talk with his old boss, and talk with former associates at his same level, too. (In checking with equals, of course, you may encounter pettiness and jealousy, but they can normally be detected.)

2. *Don't rely on letters*

As a general rule, don't ask for a reference in writing unless you know the giver personally and know that he will write you the facts. Few people will commit themselves on paper, partly because they are too busy to compose a written reference, but primarily because they are reluctant to be specific when they can be quoted directly.

The best references are those you get in person—preferably from someone you know quite well. Only face to face can you observe hesitations, uneasiness, facial expressions, and mannerisms that often get an idea across better than words could ever do. A good

substitute, though, is the telephone; the reference-giver sometimes "opens up" quickly into the relatively impersonal instrument—if he has confidence in the man asking questions at the other end. One way to inspire confidence before you start asking questions is to show that you already know something about the candidate. For example: "I got the impression that he has a rather colorless personality. Do you think that this has been an asset or a liability to him in his relations with people?"

3. *Don't be vague*

You can't expect good answers from bad questions. Be specific; a general question invites a general answer. Specify the job you're considering the man for, and tell what qualifications have proved important in it previously. By the time you're asking for references, you should have a pretty good idea of what you want to know, so come right to the point. If you sense that the candidate has had trouble with the people under him, don't ask, "How were his human relations?" Come right out with what you want to know: "How did his subordinates like him?"

Other specific questions to be asked if appropriate: Why did he leave you? Why didn't he move faster with you? Was he more at ease with other executives or with shop employees? Would you rehire him?

4. *Know the reference-giver*

You can't judge the value of a reference without knowing something about its source. Whenever possible, you should know as much about the reference-giver as you are trying to find out about the man himself. If you don't know him personally, try to know him by reputation.

Here are four types of reference-givers you may recognize. Knowing them for what they are will enable you to give their recommendations the proper weight.

The legal eagle was once sued or threatened by a former employee about whom he gave an honest opinion. Now he's so gun-shy that he'll never tell the truth, even in privileged communications on a confidential basis. He instructs everyone in his company to give only

(Continued on page 70)

"To Whom It May Concern..."

A Pocket Translator for Checking Executive References

Ordinarily, an executive asked for a job reference about a former subordinate will do his best to say what he means and mean what he says. And, as a rule, his remarks about the job candidate can be considered sound (though sometimes rather sanguine) evaluations. There are times, however, when the better judgment of an experienced reference-checker suggests to him that all that glitters may not be gold, and that glib and glowing references are no exception to this rule. The following are not presented as infallible clues; they're simply examples of the kinds of accolades that are sometimes delivered—and truths that may lurk behind them.

"He's a consistently good team worker."

Hasn't had an original thought in twenty years.

"He's always staunch in supporting his superiors' recommendations."

A yes man.

"A strong speaker who really *sells* his ideas."

Big mouth.

"*Conscientious?* I can't tell you how many times I've seen him take work home nights or on weekends."

He can't get organized.

"He's volunteered to serve on most of our management committees."

Afraid to make his own decisions.

"He's at his best when handling the broad outlines of a situation and delegating the details."

He can't add.

"A great believer in face-to-face communications, rather than memos and reports."

He can't spell.

"He had good command of the job, considering his age."

Too young to cut the mustard.

"I believe he's thinking in terms of $25,000."

He'll jump at seventeen.

"I'm sure you'll find him capable of handling *any* job you have in mind."

We're glad to get rid of him.

■ R. F. Guder

Drawings by John Huehnergarth

WHITE COLLAR DISCONTENTS: Symptoms and Solutions

■ *Wendell L. French*
College of Business Administration
University of Washington
Seattle, Washington

THE RIGHT OF WORKERS to organize and to bargain collectively is essential in a democracy. Unions have been good for the country in many ways; under their influence, changes have been made that have benefited workers and contributed to the ultimate advantage of the entire economy.

But unions can also be disruptive to the orderly functions of business. When a company is unionized, management loses some control over many aspects of operations that influence the company's continuing success. Emphasis tends to be placed on seniority rather than ability, and flexibility in making changes is reduced. In the competitive days ahead, serious consequences can result from this loss of flexibility, especially when it involves clerical and professional employees and operations.

The coming of a union adds to the company another institution that can become inefficient, tied up in red tape, or bogged down

with archaic practices. Not only will management have to deal with its own inefficiencies, but it will find the complexities of the labor union becoming intertwined with the already complex pattern of relationships within the company, making changes that much more difficult.

For reasons such as these, most companies would much prefer not to invite unionization, especially in the office and the laboratory. This is quite understandable; in fact, unions themselves have resisted unionization on occasion. (In 1958, for example, AFL-CIO organizers who wanted their own union were strongly opposed by the AFL-CIO on the grounds that they were managerial employees, and won recognition only after they had obtained an N.L.R.B. ruling in their favor.)

From management's point of view, it is far better to create an environment in which people would not feel the need of a union in order to get fair and considerate treatment—an environment in which technological and operational changes can readily be made in order to keep the firm competitive.

WHITE-COLLAR UNIONIZATION

There is a tendency in some quarters to underrate the importance of the drive to unionize white-collar employees. It has been pointed out that white-collar organizing drives have been comparatively unsuccessful, owing in large measure to the fact that clerical and professional employees identify much more strongly with management than do production workers. But the difficulties that unions have encountered in trying to organize white-collar workers should not be allowed to obscure the fact that the number of white-collar union members has more than doubled in the past ten years. Now, according to Bureau of Labor Statistics figures, some 2.5 million of the 15 to 18 million organizable white-collar workers in the U.S. belong to unions.

This is only the beginning. More than half the workers in the country are already in nonproduction jobs, and the trend toward a higher percentage of white-collar workers will continue. To avoid losing their relative strength, the unions must make strong efforts to bring more clerical and professional workers into their camps, and they are launching vigorous drives to recruit them. We can expect

these organizational drives to increase in size and intensity, especially in areas and industries in which white-collar unionization has not yet gained a large foothold.

IMPROVING THE WORKING CLIMATE

The problem for management, then, is to create a climate in which its clerical and professional employees do not feel the need for a union to guarantee their well-being—and the first step is to understand what encourages workers to join unions.

White-collar employees join or organize unions for four main reasons: (1) they feel they are getting unfair wage or salary treatment; (2) they feel they have been unfairly treated, or they are afraid they will be; (3) they are unsuited to or bored with their jobs; or (4) they do not feel closely identified with management and concerned with the objectives and progress of the company. How can you create an environment in which these feelings will not exist?

Salary Administration

In the first place, your company's salaries and fringe benefits should be competitive for your area and industry. You should make a detailed salary survey at least every year and compare your practices with those of other firms.

Salaries paid to the lowest-paid office workers should not lag too far behind wages in the plant. If your office boy makes $180 a month and your plant people make $360, the office boy is soon going to become dissatisfied—particularly when he finds a girl friend and thinks about getting married.

General increases that are granted to unionized production and maintenance workers must be passed on to all salaried employees, from file clerk to company president. This increase need not be given at the time you settle a contract, but everyone should understand that any wage increases granted to hourly-paid employees will be considered as one of several factors in adjusting salaries and salary ranges.

It is difficult to convince one of your key office employees that he has been getting merit raises and that you think highly of his work if his salary has gone up a total of $80 a month over the past four years, while the wages in the plant have gone up $69.33. He

is going to point out that he got only $10.67 per month more than the plant workers got, and that you seem to think his contribution is worth about a cent and a half an hour extra each year.

Systematic Job Evaluation

A systematic job evaluation and classification system is necessary to convince each salaried employee that he is being paid fairly in relation to all other jobs in the organization. If Susie is doing exactly the same job as Alice, if each is doing equally well and has the same amount of experience, and if you are paying Susie more than Alice, Alice may soon feel she needs someone to represent her.

Overtime Practices

Overtime practices should be equitable. If overtime is not distributed fairly, labor problems inevitably result. It is also important to be sure that overtime policies don't result in supervisors receiving less take-home pay than the people who work for them. You may not have to bargain with supervisors, but you certainly want them to be solid members of management—not dissatisfied or resentful complainers.

Fringe Benefits

Fringe benefits or privileges, such as time off with pay for personal business or a tardiness policy somewhat more liberal than that in the plant, should be part of company policy with respect to clerical and professional workers. White-collar employees have traditionally received such extras, and they should not be allowed to lag behind hourly-paid workers.

FAIR AND CONSIDERATE TREATMENT

A second major ingredient in creating an environment in which people do not feel the need to join a union is fair and considerate treatment. Fairness to people means giving them treatment similar to others in their occupational category. You can treat a vice president differently from a file clerk without hurting anyone's feelings, but you cannot treat two file clerks—or two vice presidents—differently without unhappy results. Vice presidents get annoyed, unhappy, or angry if they think they are being discriminated against.

File clerks have the same feelings as vice presidents—and, in addition, they join unions.

Here is an example of the kind of "unfair treatment" that union organizers can use to their advantage. It was the policy of one large company that employees of ten years' service on or before March 1 would receive an additional week's vacation. One executive had a prize secretary who would just miss eligibility by a month, and he thought it would be a nice gesture to tell her to go ahead and take the extra week. Unfortunately, however, she mentioned this to another girl in her car pool who had started to work for the company on exactly the same day. The second girl went to her supervisor requesting the same privilege, the supervisor went to her superior, and several phone calls and meetings later the executive's generosity was reversed, lest forty or fifty other employees request the same treatment. Had the second girl not seen what she considered fairness, she would have been fair game for a union organizer. It's a virtue to be generous, but it can backfire if you can't afford to be generous in an equitable way.

In another company, it was standard practice to allow salaried employees up to four hours a month time off for personal business if there was a reasonable need for it. But one man was docked in pay every time he asked for and took time off for legitimate reasons. When he complained to his department manager, he was told that the company just did not think he should be paid for this time, and he became very vocal in his indignation. Actually, the executive felt that the employee wasn't working very hard, and therefore didn't deserve to be paid for time off. Understandable as this might be, it would have been much better to treat the worker like everyone else and pay him for legitimate time off, facing the problem of his performance with him directly as a separate issue. As it was, the executive was not dealing in a fair and forthright manner, and this kind of treatment does much to encourage employees to seek a third party to represent them.

Written Policies

When a company president or other executive says that he doesn't wish to have policy spelled out, it usually means that he doesn't want his hands tied because he wants to be in a position to be gen-

erous. What these executives overlook is the fact that the people who do not benefit from this generosity feel unfairly treated. To be consistently generous requires written policies—and not to have them inevitably brings unequal treatment. Having policies in writing does not necessarily mean that senior officers can never make exceptions to policy for good reasons, but it does mean that exceptions are more likely to be made only after consequences are considered.

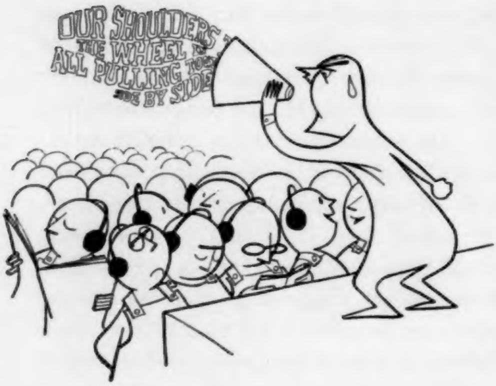
People feel unfairly treated if they think that they are being pushed around, and they *will* be pushed around if you do not have clear and consistent policies. When it comes to transfers, for example, department managers are prone to want to get rid of their least effective people. Unless you have a firm policy with regard to transfers, your company will look like a game of musical chairs. People feel pushed around in this kind of situation, and people who feel pushed around may want representation.

INTERESTING AND WELL-DEFINED JOBS

A third major ingredient in creating an environment in which white-collar unionization is not so likely to occur is the creation of interesting and well-defined jobs. People want jobs that are challenging to them. An engineer in one company was tagged as a trouble-maker by some members of top management because he was continually making suggestions for change and criticizing the present state of things. Actually, the young man was more capable than his superiors, and his unused creative energies led him into all kinds of situations that management labeled as mischief. The moral: If people are not assigned jobs that utilize their full capacities, they will try to use their abilities anyway, but their efforts will probably be misdirected and misapplied. And these energies and abilities sometimes get channeled into union organizing.

Placing people in jobs properly implies that it is important to employ the right people in the first place. It is obvious that you will avoid employing people in your offices who have difficulty getting along with other people. The man with paranoid tendencies is a likely candidate to help organize your office, whether there are sufficient reasons or not. Responsible labor leaders avoid giving such people responsibility, because in the long run they can do more

(*Continued on page* 76)



■ **Milton J. Wiksell**
Department of Speech
Michigan State University

Is Your Audience With You?

PROBABLY THE GREATEST FAULT of the inexperienced speaker is his failure to attract and hold the interest of his audience. It's a hard lesson to learn, but anyone speaking before a group must resign himself to the fact that the audience doesn't owe him their attention—he must win it by his own efforts. And no matter how important the subject or how sound the reasoning, any speech is obviously wasted unless it is heard and understood.

When a speaker rises to begin his talk, he must face a great diversity of mental activity in his audience. Some people are daydreaming, some are planning a project, others are enjoying the recollection of past experiences, and still others are merely observing the entrance of individuals into the room, last-minute arrangements up front, or people in conversation.

From the innumerable stimuli, internal or external, that affect each person in the audience, only one or two can be given a clear channel, and the rest will be partially or totally ignored. The speaker's problem is to compete with all other thoughts in his listeners' minds and capture their attention. This is by no means easy, especially because some of these thoughts are extremely com-

plicated by their emotional nature, but if he fails to do so, few if any of his ideas will make the slightest impression. Many a speaker whose ideas were important and interesting in themselves has found his talk labeled "boring" or "a complete waste of time" because he never achieved the prerequisite attention of his listeners.

CAPTURING ATTENTION

How, then, can a speaker succeed in capturing and holding the attention of his listeners? How can he insure that his entire message will be received rather than only portions of it?

The first opportunity comes with his initial appearance before the group. At this time, there is a momentary period of respectful—or at least courteous—silence, and the speaker has the audience's involuntary attention. His task is to keep it.

One way for him to begin is by briefly reflecting on some past incident that is known to be of interest to the group. Another is to startle the audience with an unusual statement relating to his presence, his subject, or the purpose of the meeting. Rhetorical questions can be used to arouse curiosity. Sometimes, background or historical information can bring home to those in attendance the nature and importance of the immediate problem. Any of these devices are good for laying the foundation for the body of the talk—setting the stage for the main part of the show. When this first barrier has been crossed, and the initial interest of the audience has been attracted, it remains to hold that interest throughout the talk.

HOLDING ATTENTION

Scope of the Talk

The speaker should announce at this time the specific purpose of his talk, which should deal primarily with a restricted phase of a general subject. Nothing is more difficult to follow or attend than a talk that is too broad in scope and proceeds in every direction. On the other hand, with a singleness of purpose it is relatively easy to formulate an understandable line of reasoning that leads step by step through a network of ideas to a meaningful conclusion.

It is obvious that a speaker need not start from scratch when he imparts information. In our advanced civilization, it would be difficult to imagine any group that did not have some common charac-

teristics or backgrounds on which he can base his approach to obtain increased interest and understanding. Information about the age, sex, professional status, educational level, or even avocational interests of the audience can usually be furnished in advance, and the speaker can adapt his material to relate to these concerns.

Organization

Because human beings find it difficult to concentrate on a single thought for more than a brief period, a sequential introduction of concepts—a continuous flow of ideas—must be presented to them. Haphazard treatment of information can be confusing, and outlining the talk or program beforehand can go far to clarify the presentation.

Organizing a talk in a way that produces some kind of curiosity about the ultimate conclusion is usually quite effective. Basing a presentation on the inductive method of reasoning, in which several instances or examples point to one conclusion, also has attention-getting values.

Language

As the speaker talks, he must not forget that his choice of language is of vital importance in making his ideas clear and memorable. The choice of words should be adjusted to the level of understanding of those to whom they are directed. Many speakers use polysyllabic words that are meaningless and useless to the average person, apparently believing that this will impress their audience. Others use words so loaded with connotations or emotional associations that what they mean to say can easily be misinterpreted.

Because it is very difficult for people to reproduce in their own minds the exact concepts of the speaker, it's important to choose the most precise words possible, and to define or illustrate anything that might be unclear. Questions should be invited when there is any doubt that the original intent has been misunderstood.

Comparison, Contrast, Controversy

A useful means of making an idea clear, especially when it is new or unfamiliar to the audience, is through comparison and contrast. The use of examples drawn from the experience of the listeners

brings them back into the subject when they are beginning to feel that it is remote from them or above their heads. The speaker can also present contrasting ideas as a means of clarifying his position. A certain amount of controversial material in a talk goes far to make it alive and interesting. Like everything else, of course, it can be overdone; there is no point in needlessly antagonizing an audience when it is possible to convince them or to sell an idea in other ways.

Reward vs. Fear

It has been discovered that thinking and learning increase when the positive approach and reward are used. Individuals or groups in an audience, for example, are stimulated when they are mentioned in connection with some praiseworthy accomplishment. Failure, or some fear of it, will also cause a considerable amount of thought, but "fear tactics" are often resented and hence must be used sparingly. With a listless or apathetic audience, however, such methods may be the only way to arouse interest and keep attention.

Technical Devices

A purposeful change of movement, meaningful facial expressions, direct gaze, an energetic approach, or appropriate gestures can help to reduce monotony. Moreover, variations in volume, tone of voice, and rate of speaking can actually convey much meaning and personal feeling.

Audio-visual aids—actual objects, models, maps, charts, slides, films, etc.,—have of course been used frequently by speakers to facilitate understanding and hold an audience's interest.

People respond to the size or intensity of a stimulus. A bright picture, a large advertisement, or sharp bursts of sound will probably stand out so clearly that a group cannot help but be attentive. This cannot be overdone, of course, or the effect is lost. Attracting attention for attention's sake should definitely be avoided. The speaker who wears an unusual tie or fires blank cartridges may find his audience resenting his obvious tactics.

Repetition

Even a major idea can seem weak if it is only mentioned once. The repetition of a significant fact is required to make it stand out

clearly. Naturally, overdoing repetition or delving into extraneous matters in great detail becomes monotonous and defeats its own purpose.

Such remarks as, "This point is of utmost importance," or, more conspicuously, "I hope you will not forget this," serve as guideposts and help the listener to detect the essential points. The use of restatement in a conclusion that ties the ends together also aids the listener in distinguishing the highlights from the less important details.

All too often, a man with a great deal of knowledge and wisdom to impart fails to present his ideas interestingly and convincingly. This is both unfortunate and unnecessary, for deficiencies of this kind can be overcome. The use of some of these simple methods can go far to assure a man with something to say of an audience of attention and understanding of his audience. ♦

"What I need is a ghost-writer who can dash off folksy interoffice memos."

SHOULD U.S. BUSINESS TRADE WITH THE COMMUNISTS?

By William H. Peterson

Condensed from Dun's Review and Modern Industry

Dow CHEMICAL has purchased $13.5 million worth of Soviet benzene. In a $17 million deal, a U.S. textile machinery syndicate has agreed to equip a new textile mill at Kalinin, U.S.S.R. A Syracuse, N.Y., auto dealer has obtained an exclusive franchise to sell 10,000 Communist-built Moskvich "economy" cars in the U.S. over a two-year period.

Should U.S. businessmen trade with the Communists in a big way? Relatively few are doing it now—but the few may become many. Increasingly, merchant ships flying the Soviet flag are showing up in the East Coast harbors of Boston, New York, and Norfolk; the lake ports of Cleveland, Chicago, and Duluth; the Gulf ports of Mobile, New Orleans, and Houston; and the Pacific Coast shipping centers of Seattle, San Francisco, and San Diego.

If anything, Soviet exports to the West will increase—by how much, no one knows. But the very nature of U.S. exports to Russia (capital equipment predominates) makes it probable the increase will continue. In the last quarter of 1959, for example, more than $30 million worth of American industrial goods were licensed for shipment to Communist countries. In addition, the Department of Commerce has given advance approval to the possible sale of "many millions of dollars" of technical equipment and designs. The effect of all this licensing will be to increase future Soviet export productivity in such fields as plastics, pulp and paper, tire cord, manufactured gas, heating equipment, and phosphoric acid.

This raises questions. Is Soviet trade a Cold War maneuver or a sincere move to relieve international tension? Should Congress and the Administration lower—or even aban-

don—the protective barriers against Communist goods? And what problems do U.S. businessmen face in trading with the Communists?

Whether we like it or not, the Soviet offensive is on. Soviet trade-and-aid, reinforced by similar if much less sweeping Red Chinese efforts, has penetrated virtually every uncommitted underdeveloped country on the globe—the recent Cuban sugar deal is a good example. Moreover, trade between the Communist bloc and the developed free-world nations is reaching postwar highs. The Czech State Bank has disclosed that bankers from a number of West European nations — including France, West Germany, Belgium, and Italy—have offered Czechoslovakia long-term credits to finance acquisition of machinery. Australia has concluded a multimillion-dollar sale of sheet steel and tubes to Red China. Japanese trade with the Soviet Union in 1960 will reach some $120 million —about double the 1959 volume. And there are many others.

Relatively speaking, the U.S. is staying on the sidelines of the East-West trade buildup. Even if the government and U.S. industry wanted greater trade with the Communists, a number of legal restrictions would first have to be shelved, repealed, or amended. These include:

- The Johnson Act, passed more than 25 years ago, prohibiting long-term private credits to any country in default to the U.S.
- The Battle Act of 1951, providing for termination of U.S. foreign aid to any country exporting strategic goods to the Communist bloc.
- The Export Control Act of 1949, empowering the Commerce Department to license, control, and—if need be—cut off any U.S. exports to the Communist bloc for reasons of "security" or short supply.
- The Trade Agreements Extension Act of 1951, banning import of seven kinds of furs and skins originating in the U.S.S.R. or Red China.
- The complete embargo against U.S. industrial sales to Red China, North Korea, and North Vietnam.
- Omission of the Communist bloc from equal or "most favored nation" treatment in the U. S. Reciprocal Trade Program and in tariff reductions effected by GATT (the General Agreement on Tariff and Trade).

Despite these many obstacles to East-West trade, the path is not as obscure as it once was—and the businessman who seeks it out may well find the Communists strewing roses before him. They are not, however, without thorns, and those who have done business with the Soviet-bloc nations warn of specific practical problems:

- *The Communists lack commercial trading skills.* Although they have a fair record in paying bills, the Communists are slow to furnish samples and specifications, according to many Western businessmen. Suppliers' credit, common in Western countries, is extended reluctantly and after long delay—if at all. Delivery dates of Soviet goods have frequently been missed. And the give-and-take of Western business—essential to contractual adjustments and personal relationships—is practically unknown in regulation-ridden bureaucracies. For example, all foreign trade in the Soviet Union is handled through state

trade agencies, and their sole representative in the U.S. is Amtorg.

The U.S.S.R. does not permit our businessmen to travel through that country with samples, sales material, and order books. Such trips would be useless, anyway, for Soviet factory managers are forbidden to place orders. All Russian purchase orders and sales contracts originate within the Soviet foreign trade ministry. U.S. businessmen are therefore advised to deal with Amtorg and regional Soviet consulates. If they feel they still must go to Moscow, they should do a maximum of planning, negotiating, and arranging appointments by correspondence beforehand—and allow extra time for bureaucratic delays when they get there.

• *The Communists have dishonored copyrights and patent rights; their piracy is notorious.* The absence of any copyright or patent convention is a critical problem in trading with the Russians. They can buy any U.S. product, copy it with near-impunity, and save all the expenses of research, design, and development. This situation is aggravated by the fact that Communists can circumvent our elaborate trade restrictions, and need not shop in the U.S. They merely have to buy new or second-hand American products in Europe or Asia and reship them to their own production centers.

Despite this record, some Western firms have licensed Soviet manufacture. The Danish firm of Burmeister and Wain, for instance, has licensed the U.S.S.R. to produce its marine diesel engines; England's Dunlop Tire has entered into licensing agreements with the Russians. More licensing is going on with Communist Yugoslavia. Over 100 licensing agreements between Yugoslavia and private Western firms were in existence as of January 1, 1959.

• *Court relief for breach-of-contract is an expensive and sticky procedure, with a poor record of compensation.* What protection do Western businessmen have when Communists break or fail to live up to the provisions of their contracts—when, say, they fail to meet specifications, delivery dates, indicated quantities and qualities, and the like?

When pressed, the Communists will agree to arbitration clauses in trade contracts, but will usually seek the arbitration in Soviet or satellite courts. This can be dangerous. In June, 1958, for example, a Soviet panel of arbitrators rejected a $2.4 million damage suit by an Israeli corporation whose contract for oil delivery was canceled by Soviet trading agencies after Israel invaded Egypt in 1956. The panel proceeded under the doctrine of *force majeure,* events beyond the trading agencies' control, because the Soviet Foreign Ministry had unilaterally declared Israel guilty of aggression.

To escape the problem of Soviet arbitration, some Western businessmen have insisted on free-world arbitration—in Stockholm or Zurich, for example. On occasion, the Communists have agreed to this.

• *The U.S.S.R. remains one of the most protectionist and restrictionist countries in the world.* The Soviet Union zealously guards its home markets. Both Coty and General Mills caught the fire of these restrictions first-hand. Both had ex-

hibits at the American fair in Moscow last summer. The Russians had agreed in writing that U.S. exhibiting firms could distribute free samples; at the last minute, despite the contracts, they refused to allow it. Coty had gone to the expense of preparing several hundred thousand sample kits of lipstick and face powder, which had to be returned from Russia. General Mills tried to give away some of its cake at the Moscow fair, but the Russians backed down there, too.

For the principled businessman, trade with the Communists is more than a dollars-and-cents question. Does it further the cause of peace—or advance the interests of Soviet imperialism?

Here are the main arguments *for* such trade:

• Trade is a harbinger of peace, a sign of civilized cooperation among peoples of the world.

• The designation of exports as "strategic" and "nonstrategic" is becoming more and more ineffectual.

• If we are to believe Khrushchev, the volume of U.S.-Soviet trade could grow to "several billion dollars in the next few years."

• Trade could upgrade Communist living standards and perhaps contribute to an era of good feeling.

And these are the arguments *against:*

• Restriction of Soviet imports is justifiable on the grounds of "Communist slave labor." Section 307 of the Tariff Act of 1930 prohibits imports produced by "convict, forced, and indentured labor."

• Trade with the Russians is risky because they have not paid their past debts.

• To the Communists, trade is more than a matter of economic gain: Trading maneuvers are designed to further the oft-reiterated goal of world domination.

• The relatively few things that Russia can sell the U.S.—besides vodka and caviar—are the things we are now buying from good friends and customers like Canada, Turkey, and India, according to Secretary of Commerce Frederick H. Mueller's testimony before the House Banking Committee.

For the businessman who desires to trade with the Communists, here are some first-stage hints:

• Find out whether a U.S. export license will be forthcoming. (It is possible to get advance approval.) Some applications have been rejected after firm orders have been arranged, often at high administrative cost.

• Make sure payments are expressed in Western convertible currencies.

• Be wary of open-end clauses, stating, for example, that you will furnish unspecified quantities of blueprints, instruction manuals, and catalogs, or that you will provide translations of them. It is best to stipulate how many you will supply and to get the Communists to do their own translations.

• If you are buying Communist goods, supplement the "as per sample" clause by spelling out specifications as fully as possible—quantity, dimensions, weight, color, quality, etc.

• Consider using American negotiating specialists or import-export firms skilled in dealing with the Communists and in settling contract terms. ♦

The Mature Supervisor

WHAT MAKES a supervisor mature? This was the question put to a cross-section of employees by Floyd C. Mann and L. Richard Hoffman, of the University of Michigan Survey Research Center, to determine how a foreman's attitude affects his subordinates.

Lowest in respect of employees is the foreman who is seen as pulling only for himself. Such a foreman is concerned with gratifying his own needs and is insensitive to the needs of his subordinates.

Somewhat higher is the foreman who is wholly identified with the company. He always takes management's side and never supports his men. Although the men feel that such a foremen is unfair and biased, they respect him more than the foreman who is concerned only with himself.

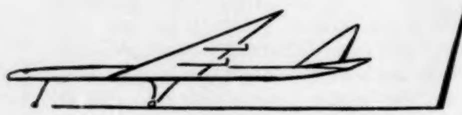
At the next level of supervisory maturity is the foreman who recognizes the dual responsibility of his job and who pulls for both the company and the work group. Once this level of maturity has been reached, a foreman is evaluated according to his power in the organization: his ability to influence his own superior. This is the foreman who tells his own boss about his men's good work and is able to go to bat for them when necessary. But, say Mann and Hoffman, he is likely to do this only if he feels that the climate within the plant, the division, and possibly the company as a whole, allows him this freedom.

—*Employee Relations Bulletin,* 5/11/60

"First the good news—our severance pay is rather generous."

Americans On the Go

By Robert E. Cubbedge
Condensed from Newsweek



Cameras ready, pockets bulging with passports, travel folders, and money, an army of American tourists is fanning out across the globe. Crisis at the summit, the menace of Red China, unrest, and revolution notwithstanding, more Americans are going farther and faster, and are spending more money this year than ever before. So great is the urge to splurge that no less than 8,000 U.S. tourists will span the Atlantic—now only six and a half hours away by jet—on almost any given day during peak travel this summer, lured by the glamor of the Olympic Games in Rome, the pageantry of the Passion Play at Oberammergau, the religious spectacle of the 37th International Eucharistic Congress in Munich, and Europe's dozens of fairs and festivals. And on the same day, some 10,000 additional U.S. travelers will be on their way around the world, and tens of thousands more will be headed for vacations in Mexico and Canada.

In all, an estimated 6.6 million U.S. citizens will spend about $2.6 billion on foreign travel in 1960—in both cases, a 10 per cent gain over last year's record highs. This year, as last, Americans will spend more on foreign travel than on any other foreign commodity—more, for example, than they will spend on foreign automobiles, textiles, and iron combined. But welcome as the travel boom is abroad, it is having an unfortunate impact on America's balance of payments.

The outpouring of U.S. tourist dollars since the end of World War II has played a vital role in bolstering the economies of our Allies. But a tasty sauce for the goose is not always tasty for the gander. The difference between what Americans spent abroad last year and what foreigners spent in the U.S. accounts for 27 per cent

of the current U.S. balance-of-payments deficit of $3.7 billion. The Administration is trying to even things up: President Eisenhower has proclaimed 1960 "Visit the U.S.A. Year."

The advent of the jet has already wrought some startling changes in travel modes. For one thing, giant jets now in overseas service—and booked solid—have contributed to the 15 per cent increase in transatlantic air travel this year. They have also played a large role in helping the airlines capture about two-thirds of all the U.S. tourists who journey abroad. Perhaps more important, notes the U.S. Bureau of Foreign Commerce, are the new vistas opened by the fast-moving jets. "The trend toward travel off the beaten path (facilitated by the jets) indicates a new sophistication of American tourists," says C. P. Austin, chief of the department's International Travel Office. "They're striking out into new regions."

Among these new regions are Hawaii, the South Seas, and the Far East. While safely and solidly a state, Hawaii, with its Polynesian warmth and tropic splendor, still retains the aura and romance of "foreign travel," which is one reason it enjoyed a tremendous 42 per cent increase in tourist business last year. This year, about 300,000 mainlanders will visit Hawaii and will spend about $140 million—40 per cent more than last year. "Income from our tourists will overtake that from our pineapples during 1960, and will be close on the heels of the sugar industry within three years," says Hawaii's Gov. William F. Quinn, president of the Pacific Area Travel Association. Travel beyond Hawaii—to Japan, Hong Kong, Australia, New Zealand, India, Thailand, and the South Seas—will rise correspondingly, due largely to the jets.

The jets, however, have also created quite a new problem: Where to put all the new tourists? The rule of thumb, asserts Raymond Hering, executive vice president of the American Society of Travel Agents, is that for each new jet that goes into service, a new hotel must be built at some destination point. More than 200 jets will be added this year; as a result, new hotels are popping up in virtually every major city, from Amsterdam to Ahmedabad, from Rome to Rotterdam. Hotelman Conrad Hilton alone has four hostelries under construction in Europe. In the meantime, travelers are easing the situation themselves by going before or after the rush season and exploring less crowded, out-of-the-way places they never had time for before.

Surprisingly, the jets are given credit for the renaissance in steamship travel abroad—up 10 per cent this year. The airlines' travel campaigns have been "so broad, so deep, and so successful," says one New York shipping official, that the ship lines are doing capacity business largely as a by-product of the jet advertising. Accordingly, shipping officials—who saw transatlantic ship passenger traffic fall to 886,000 last year—are confidently predicting that 1960 business will rise close to 1958's mark of 959,000 passengers.

In an even closer spirit of cooperation, most of the major shipping lines are exploring the feasibility of combination trips—one way by air, the other by sea—offering the traditional

round-trip discount. Air-sea trips have been successfully used by Trans World Airlines and American Export Lines for four years.

Charter flights, of course, are also sharing in the travel bonanza. Their biggest lure: low cost. It costs about $290 per person on a round-trip charter flight to Paris, as against $525 for economy class or regularly scheduled flights. That alone explains why the number of charter passengers rose nearly 75 per cent last year to 172,647. And the American Society of Travel Agents predicts still another 50 per cent climb this year.

Travel agencies emphasize, however, that a trip abroad is an expensive proposition, no matter how you get there. Statistics issued by the Department of Commerce seem to bear out this claim. The average length of stay for all American tourists abroad last year was about 50 days for Europe and the Mediterranean, 45 days for the Pacific and Far East, and 40 days for South America. The average expenditure was nearly $1,000 per person, plus transportation. The Department of Commerce points out, further, that prices are not going down anywhere.

Still, the market for foreign travel grows each year. "Years ago," comments Chicago travel expert Bruno L. Travelletti, "people just didn't have the money. Now they've got the money, longer vacations, and the jet." And while students and people past 50 normally dominate the travel scene, the number of overseas excursionists in the "young executive" group (30 to 39) last year topped the student tally for the first time.

Best estimates are that by 1970, 2.5 million Americans will be using U.S. passports as entrees to foreign lands; in addition, many more will travel to neighboring countries like Canada and Mexico without passports. Based on this estimate, economists predict that expenditures on foreign travel by Americans will top $6.5 billion—nearly triple present expenditures—by the end of the decade. ♦

The Price of Wisdom

DIRECTORS' FEES have shown a slight increase during the past two years, in keeping with general national trends of prices and wages, the National Industrial Conference Board reported recently in releasing the results of a survey conducted among 285 companies. About one company in six has increased the per-meeting fee paid to directors. However, $100 still remains the most common fee paid.

Meeting fees continue to be the most popular form of remuneration of outside directors, the NICB finds. Of 263 companies that have outside directors, 180 pay them regular meeting fees. While these per-meeting fees range from nothing—or the token $10 paid by one respondent—to $1,000 paid by one manufacturer, about 45 per cent of those respondents who pay a fee have set it at $100. The next most popular fees are $50 (paid by 17 per cent of the 180 firms) and $200 (paid by 11 per cent of them). Of the 83 companies that report paying no fees to outside directors for attending regular board meetings, 60 pay annual retainers instead, and 23 do not compensate their outside directors at all.

EMPLOYEE "BRAND LOYALTY":

Buying Begins at Home

Condensed from Business Week

EMPLOYEE DISCOUNTS are an old American custom, and one that most companies are happy to go along with. For one thing, it encourages employees to buy the "home" brand and—particularly when the product lines are varied—such buying can be substantial.

Radio Corp. of America recently played a variation on this theme to promote sales of its color television sets. The company is giving its personnel an especially low price on easy terms. The idea, says an RCA spokesman, is to spread color TV so that employees will talk it up to their friends.

While it's unusual for a company deliberately to use employee sales to boost its product, there often is a tacit understanding—at least among company executives — that workers will shy away from the competitor's product. The auto makers are among those that most strongly "expect" employees to buy the brand they are helping to make. The unions usually help, too. The Ford UAW Local 600 in Detroit, through union newspaper articles, periodically reminds members to buy Ford cars, pointing out that the more Fords sold, the more jobs for Local 600 members. In at least one case, union support led to loss of jobs for auto workers who refused to drive the cars they made. In 1953, the South Bend Studebaker local ordered all members to make sure their cars were Studebakers. When a few workers refused to trade in competitors' cars, the union demanded their dismissal. The company complied, and the National Labor Relations Board upheld the firings on the ground that the other workers would not work with the mavericks.

Vendors to the Detroit companies have long understood the importance of driving the right car to the right plant. That's why some steel suppliers keep a pool of various-make autos in Detroit: Salesmen arriving in town pick up the proper brand of auto for each visit. Some vendors, in desperation, have switched to foreign makes, feeling that they may be less offensive to the prospective customer than a U.S. competitor's car would be.

"Brand loyalty" worries are by no means restricted to Auto Town. *Busi-*

ness Week reporters talked to companies and employees across the country, and found the same pattern: Management "expects" employees to use the company product—and the products of the company's customers.

A Milwaukee brewery comes right out with it in its employee handbook: "Employees are expected to support the company's product." Such candor is unusual, but so is the Du Pont policy: "Our management has more important things to do than snoop into the buying habits of our 90,000 employees," one official said. More typical is the stand taken at Philco Corp. The company has no policy on such matters, management insists. But when asked whether any employees ever made a point of not buying Philco products, the answer was short: "Not for long."

There are, of course, middle roads of persuasion. A midwestern glassmaker lists, on bulletin boards and in the employee magazine, the names of its best customers for TV tubes, and suggests that employees check these brands before buying a television. General Motors regularly posts blowups of its magazine ads around car-assembly plants. One supplier of parts to Ford and Chrysler will finance employees' purchases of these cars.

Such persuasion is generally unnecessary: Most employees, especially those anxious to climb, customarily buy company brands, and they are usually appalled at the thought of being caught with the wrong product. "I'd be awfully embarrassed if one of my friends found a Philco TV set in my living room," one Westinghouse worker said. The wife of an Alcoa employee gasped, "Wouldn't it be great if someone caught me reaching for Reynolds Wrap in the supermarket?"

Occasionally this support of the employer's products extends beyond the employee's own use. One Houston bachelor had a tiff with a girl friend when he pulled into a Texaco station for gasoline one night. The girl worked for Humble. An electric utility gives its employees coupons when a contact they have made buys an electric appliance. The employees can use the coupons for appliances of their own.

The higher up the corporate ladder a man is, the farther afield this "brand loyalty" is likely to spread. The manager of a Du Pont rayon plant always bought General Motors cars because Du Pont owned a substantial interest in GM. An official of the company that makes the vacuum bottles marketed by Sears, Roebuck always chooses a Sears product over a comparable product elsewhere. The wife of a farm equipment manufacturer is dying for an MG, but her husband — although he likes the foreign car, too—bought a Plymouth, because "it wouldn't look right for the president of an American firm to drive around the city in a European car."

With big discount houses and cut-price dealers springing up, companies frequently have trouble keeping employees' discounts (generally between 20 and 25 per cent, according to a National Industrial Conference Board study) in line with the reductions they can get at outside stores. Chrysler Corp., for instance, is the only one of the Big Three auto mak-

ers to give discounts to all employees, but most Detroit dealers regularly beat its prices. Even with discounts, there are employees who turn down company products—because they just don't like them. The public-relations manager for one midwestern feeder airline that uses DC-3's always flies the Stratocruisers of a national competitor—even between cities that his own line services. "I just can't stand those DC-3's," he says. The president of one brewery generally drinks gin —to the consternation of the advertising account executive who switched from bourbon to beer when his agency landed the account.

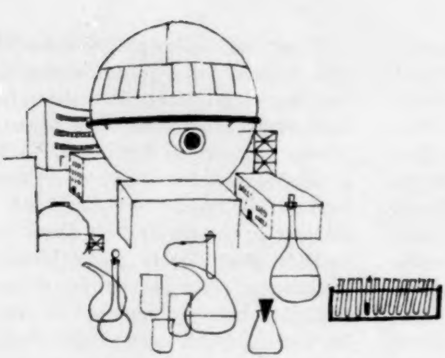
There are philosophical mavericks who make a point of not buying the company's products lest they feel themselves kept men. One General Motors engineer in Rochester, N. Y., rebelled and went elsewhere to work because, he said, "Anything but a GM car in the parking lot almost invariably gives rise to gentle hints to the owner." An executive at one Canadian brewery managed to reach his own personal compromise. Entertaining a guest in the company lounge, he drank beer until 5 P.M., then switched to whiskey. "What I drink after 5 o'clock is my own business," he explained. ♦

Seeing Around Corners

SUPPOSE YOU COULD SNIP OFF a section of garden hose, poke one end into some inaccessible cranny—a mole hole, for example—and then peer into the other end and see what's going on. That's the effect produced by a new group of optical devices: slim, flexible glass ropes capable of transmitting light and images around corners and over obstacles. They are beginning to emerge from the laboratory now, according to a recent report in *The Wall Street Journal.*

The glass ropes are actually bundles of hair-like glass threads so fine that it takes as many as 250,000 to make a rope half an inch in diameter. Light entering one end of a bundle of glass fiber flows to the other end. If the fibers are arranged in exactly the same way at both ends, the bundle transmits a clear image consisting of thousands of tiny dots. These image-transmitting bundles can see in dark corners: They send light one way to illuminate the area, and carry images back in the opposite direction.

Until now, glass ropes have been a lab curiosity used chiefly for stunts; you can gaze into your own ear with one, for example, or aim a camera with your back to the subject. Currently, however, fiber optical devices are being tried at more significant tasks. One is the inspection of hard-to-get-at spots in industrial equipment and products. For example, American Optical Co. has designed a device to check welds on the inside of elbow pipes in nuclear reactors. A maker of aircraft engines has asked the company for a fiber optics instrument to inspect inaccessible sections of jet turbines. Optical scientists believe that the fiber bundles will also be useful for observing dangerous areas, like rooms in which there is a high level of radioactivity.



Does RESEARCH Depend on BIG BUSINESS?

By D. Hamberg
Condensed from Challenge

MANY PEOPLE believe that the giant corporations are now the mothers of invention. Only these great firms, it is commonly held, possess the resources needed to finance the skilled teams of scientists and engineers who—in splendidly equipped laboratories—provide today's new production techniques and new products. Those concerned about corporate monopolies are assured that this is a small price to pay for their contributions to technology and for the consequent improvements in our living standards and national power.

Many large firms have, of course, become research-conscious and have invested heavily in research facilities and personnel. But does corporate research depend on large size? It would seem so at first glance. Aggregate industry data show that research and development tends to be conducted on a much larger scale in large than in small firms: Manufacturing companies employing 5,000 or more persons account for some 70 per cent of the R & D carried on in manufacturing industry, while manufacturing firms employing less than 500 people account for only 10 per cent.

There are, however, several important qualifications:

• The figures refer to performance, not to amounts or sources of research financing. The usefulness of the figures, moreover, is clouded by the fact that well over half the research and development performed by private industry in 1959 was actually financed by the federal government, mostly for defense purposes. This explains why more than half of all industrial research is performed in the aircraft and guided missiles,

electronics, and electrical equipment industries. The federal government finances 85 per cent of corporate research in the aircraft and missiles industry; 61 per cent in the electric equipment industry; and 54 per cent in the communications industry.

• The data show that a great many small and medium-size firms are engaged in at least some research and development: Of all companies conducting R&D, 85 per cent employed fewer than 500 people. The evidence also indicates that when small firms get into R&D, they tend to spend as much, and often more, in proportion to their sales revenues as the bigger firms.

• The data also reveal that, among firms of the same size, R&D expenditures vary greatly from industry to industry. The bulk of *unsubsidized* research is concentrated in three or four industries. Most firms, regardless of size and industry, conduct very little R&D; they concentrate on the processes of production itself. Moreover, those industries in which the average size of firms is larger do not necessarily spend more on R&D than those in which average firm size is smaller. And even in the same industries, firms of approximately the same size differ widely in their R&D outlays.

Allied to the widespread belief that the giant corporation has become the cradle of invention is the popular view that the independent inventor is now a relic of economic history. How accurate is this view? The available evidence points to the continued, if diminished, importance of the independent inventor.

A recent study of 61 important inventions made since 1900 discloses that 33 were the products of independent inventors, unaffiliated with any industrial research laboratory. Among these 33 were such diverse inventions as air conditioning, automatic transmissions, bakelite (the first commercial plastic), power steering, catalytic cracking of petroleum, the cotton picker, cellophane, the gyrocompass, the helicopter, the jet engine, quick freezing, insulin, and continuous steel casting. Six others —including DDT, terylene (a synthetic fiber now marketed commercially as Dacron), cellophane tape, and shell molding—were the products of research conducted in the laboratories of small to medium-size firms. Only 11 of this group of 61 important inventions could be traced unqualifiedly to the laboratories of giant corporations.

Another study, based on a sample drawn from U.S. patent data, indicates that 40 to 50 per cent of patented inventions are the work of independent inventors. And the preliminary results of a current study of 45 important inventions made between 1946 and 1955 seem to show an even larger proportion of important inventions originating outside the research laboratories of the corporate goliaths.

A substantial budget, of course, has its advantages. A corporation's large size is likely to help its R&D activities where inventions and discoveries involve a protracted, expensive series of experiments. In such cases, teams of research workers, with ample and sometimes elaborate research facilities at their disposal, may provide the fastest and most effi-

cient way of achieving results. Moreover, where the element of chance is great, the large firm is in a better financial position to absorb the costs of the many failures involved before success is achieved.

But while an ample supply of funds helps, it does not necessarily guarantee results. In fact, concentration of research attack in one large firm may actually hinder achievement. In the face of the tremendous uncertainty that surrounds most major inventive activity, it is usually important that as many avenues as possible be explored and that the individual researcher be given as free a hand as possible. High-level programing and direction should be limited to statements of objectives; the method of achieving these objectives should be left to the research personnel. Moreover, substantial competition and even duplication in research efforts should be encouraged.

However, such an approach typically runs counter to management ideas about efficient organization. Although there are some important exceptions, the control of most industrial laboratories tends to be centralized. Duplicate efforts often seem economically wasteful. Emphasis on minimizing costs is too deeply imbedded in the minds of most managements to permit the loose type of organization required for original invention.

Students of creativity have often commented on the number of truly important inventions that have been the work of individuals unassociated with industry—individuals who, accordingly, have been able to approach the problems of research in a completely fresh and detached manner. ♦

Look Before You Leave

IS YOUR COMPANY planning to relocate to the suburbs? Before you close up your present plant, check these factors suggested by *Steel:*

Land costs. Suburban sites are usually cheaper than city ones. But costs can mount when plants are spread out and when dining rooms, parking lots, and other conveniences are added.

Utilities. Costs in suburbs are usually higher, particularly water.

Taxes. Initially, suburbs offer tax advantages, but beware of fast-growing residential communities with inadequate industrial planning.

Labor. When you move, you'll lose some of your work force—perhaps some people you value highly. Be sure you can replace them in the new community.

Industrial zoning. Manufacturers need as much protection as homeowners. Home builders may file complaints that could take away some of your rights—even though you were there first.

Community services. Check for adequate fire and police protection. Your costs may go up if you have to hire additional plant protection employees.

Development program. Before making the decision to move, check to see if your present city hasn't a land clearance project under way that will make sites available soon.

Profit Opportunities in a Rental Economy

By Robert C. Trundle and Douglas P. Gould
Condensed from Management Methods

WE ARE NOW KNEE-DEEP in a rental economy, and by 1965 we will be in it up to our hips. The businessman who does not take time out to ponder what this means to him, and the way he will be doing business five and ten years from now, may find his competitors leaving him by the wayside.

A growing number of major companies, such as IBM, Sperry Rand, United Shoe Machinery, Pitney-Bowes, and American Machine & Foundry, owe a rising part of their gross sales to leasing. Many varieties of rentals have sprung up. They include: leasing, or sales and leaseback; outright rental by plants and consumers on long- and short-term bases; long-term financing, resulting in eventual ownership of an asset; open charge accounts with set limits; service contracts; and mortgage financing of appliances.

Among the products and services now being rented are industrial plants; capital equipment and tools; cars and trucks; construction equipment; locomotives and other rolling stock; planes, boats, and sporting goods; uniforms, dress clothes, furs, and jewelry; vending machines, mailing machines, and similar stamping equipment; business machines and data-processing equipment; oxygen units and other supplies for the sick; air conditioners and heating systems; washing machines, household appliances, and power tools; and musical instruments and art items.

With advances in automation—and the unparalleled efficiency of production—the customer will be the target for large quantities of products. Rentals are necessary to expand the area of what he can afford and, at the same time, to provide industry with a steady, predictable market for its goods. Leasing enables the businessman to get maximum use from his equipment—and to realize cost reductions from that use.

If we accept a rental economy as both essential and imminent, the question is: "How can the average manufacturing company best move

into the rental field?" Of course, there is no pat answer. There are a number of steps, however, that must be pursued. These include:

1. *Product-line evaluation.* A company's basic product lines should be evaluated in order to determine their suitability for rental. Suitable items would seem to be those that are relatively expensive to purchase; those that may require extensive service or maintenance or are particularly complicated to use; and those that—if purchased by the user—would be used infrequently and idle much of the time. Another consideration is the product's "market age." For example, if a product is mature—if it is reaching its point of sales saturation—rentals conceivably could offer a means of expanding the market. But the converse could also be true: Rental could speed the death of a mature product by stimulating the growth of competitive products.

2. *Cost analysis.* Analyzing rentals involves knowing costs, and one of the best accounting techniques for this purpose is the "marginal income" concept. Marginal income—expressed as a percentage—is that portion of the sales dollar left after the direct costs of the product (materials, direct labor, commissions, freight, etc.) are paid. Marginal income dollars must liquidate fixed expenses and then produce a profit. Every single product or service you offer has its own distinctive marginal income rate. Some might be 50 per cent, others 5 per cent. From 25 to 35 per cent is more common. This concept effectively establishes useful profit-volume relationships and provides a common frame of reference for all members of the management group.

3. *Profit planning.* Most sound rental profit plans would extend over five, ten, or more years, and thus would affect a company's long-term resources and revenues. For this reason, the profit objectives of a rental activity must be established. Profit planning involves determining expected return on investment, return on replacement investment, and/or return on anticipated investment.

4. *Pricing.* Rental pricing, like all pricing policy, has to be based on modern cost accounting, which separates fixed and variable components. It must reflect the profit contribution by products, customers, and markets, and must provide for both *product* obsolescence and *production* obsolescence. It must also balance the economies in production which might occur through stabilized production scheduling and those additional costs (like service and maintenance) that renting might bring about. There must be a decision as to who would absorb these extra costs. It might prove necessary to record consumers' maintenance habits. It would be useful, for example, to know whether a consumer cares for his rented lawn chairs or leaves them out in the rain all night. Will a rented TV be used by adults or a houseful of kids? You may wish to consider some rental price advantage for customers whose use of the product extends its life and reduces the cost of maintenance and service.

5. *Working capital.* The availability of cash will differ where the company sells to a middleman who

may be a renting agency, as against where the company itself carries the rental program directly to consumers —industrial or private. The cash-flow program must be established for a period corresponding to the product's normal anticipated life. It also must reflect the different revenues expected from various segments of the rental market, such as first, second, and third use, and perhaps even fourth use—with declining rentals in each case.

6. *Evaluation of market potential.* Who and where are the people or firms that will use the product? And how can they be persuaded to rent? The market splits into four major groups: those who are present purchasers and prefer to continue to purchase; those who are present purchasers but would prefer to rent; those who cannot afford to purchase but would rent; and those who are interested in neither.

Rental must become, in some respect, more attractive financially than purchase, or increase the customer's ability to use items he may not presently use. A definite relationship must exist between the rental cost and the purchase cost. A company must find the best way to develop a used-equipment or used-product market, and must determine how to set the value of used equipment now being transferred to secondary users.

Package rentals might appeal to various income groups. For example, a family in the lower income brackets in the suburbs might respond well to a basic rental package consisting of a washing machine, dryer, ironer, five-year-old automobile, six-year-old power lawn mower, new television set, and six or seven other useful items.

7. *Distribution and money collection.* It is logical to assume that a new industry will emerge, comprised of large collection agencies strategically located in key market areas throughout the country. Equipped with the latest computers and data-processing machines, these firms would absorb a major share of the clerical work of a rental economy.

A business segment representing about one third of our present retail industry would, unfortunately, suffer. This group finds it hard enough to compete today with large-volume selling operations which can sell at low prices and carry a heavy consumer installment debt. Under a rental economy, where the need for large-scale financial backing will be accentuated, many small retail businesses will expire.

How will this vacuum be filled? The GMAC type of corporate activity, organized on a rental basis, will multiply. Manufacturers will work much more closely with retail organizations. The link with distributors would be so close, in fact, as to make the two almost indistinguishable.

8. *Advertising and promotion.* A rental economy would mean a drastic reappraisal of the advertising and sales promotion function. Although the businessman would have to affirm to the consumer the need for ever-increasing consumption, this refrain would have a contrapuntal theme: the emphasis on use rather than ownership. The businessman would be selling not merely a product, but a revolution. ♦

The Office CASTE SYSTEM

By Harrison R. Johnson

Condensed from Modern Office Procedures

YOU WON'T FIND "CASTE" under C in any filing cabinet, but it's everywhere in the office. Rigid unwritten rules of protocol freeze office workers into castes, then reach beyond the office to affect their families. The caste system, deeply entrenched, mocks one of business' oldest legends: that a company is one big happy family.

Modern Office Procedures recently conducted a survey to find out how companies feel about friendships between management and employees. The survey reveals these facts:

Nearly all companies willingly have an office caste system. They make no moral judgments about it but defend caste almost in terms of company survival. According to one executive: "Caste is essential. Every supervisor at one time or another has to get tough with his subordinates. He has to berate for poor work, discuss salaries, even fire people. He can't do this if he's too friendly with the people under him. He compromises his ability to manage. He's not worth much to us."

A department head, drawing on his own experience, supports caste for economic reasons. "I had an accounting manager who had two close friends working for him. They were inefficient, and their sloppy work lost three customers and $40,000 of business. Other workers resented them. I told the manager to crack down. He wouldn't or couldn't, I don't know which. I fired the two workers. And I fired the manager. He refused to learn where his job began and friendship ended."

Some companies have tried to break down the caste system with strenuous sessions of enforced loving. One company was adamant about it. "We came out bloody," an executive recalls. "We decided that each department should have monthly parties at employees' homes. Employees felt they had to put in an appearance. They felt put upon when their turn came to be hosts. They vied for supervisors' attention. Management wives seemed to think they were holding court. We ran into petty personality fights, accusations of favoritism, and back-biting that carried over into the office. The whole plan backfired." What did the company do? "We reversed our field, and told management to cut off all outside friendships with subordinates. I imagine we're now the most caste-ridden company you'll find."

The office caste system is cruelest to the supervisor newly promoted from the ranks. One young manager summed up the predicament: "I used to get together regularly with the boys in my department for cards and golf. We traded invitations at home, griped about the company, commented on the mental senility of the president. Then overnight I'm the guy who gives them orders. I have to watch everything I say. What do I do about my friends?"

His question gets a brief, sharp answer from the personnel director of a large company: "Cut 'em off. If a man cherishes his old friendships, he'd better not take the promotion." Most companies agree it's best to amputate. They say the caste system makes it easier for a new supervisor to escape the burdens of old friendships. "He might as well make the break," reports an executive, "because he's going to be discarded by the old gang anyhow. They'll feel uncomfortable and embarrassed with him."

There's comfort in caste for the new supervisor. Says one, "It's rough when you first sit down with a guy you've been working side by side with, point out his weaknesses, and try to squeeze more work out of him. Your relation changes in that instant, and it's never the same again. The caste system is good. It puts people promptly on different levels, and makes discipline easier."

What's easier for the supervisor is harder for his wife. She, too, is touched by caste, often without understanding why. "My wife played bridge regularly with the wives of seven other men on my level," reports a supervisor. "Then I was promoted. I told her she'd have to drop out of the group. She flared up, and said she wouldn't sacrifice her friends just because I'd been moved up." Unfortunately, companies don't agree with her. One executive speaks for many companies when he says, "The wife has no choice. She can be downright dangerous if she insists on keeping close friendships with the wives of her husband's subordinates. Her friendships will rub off on him, color his judgment about the people under him, and jeopardize his job."

Children don't escape caste, either. "When parents drift away from former friends," a personnel man states, "kids go, too. Parents don't go as far as telling them 'you're too good to play with Johnny now,' but the father's new title and income make

Johnny undesirable." Isn't this vicious? "Maybe," he shrugged.

Old hands at management are fairly immune to the dictates of caste. But the new supervisors don't have thick skins, and few companies help them adjust to the demands of the caste system. Here are seven steps—based on the composite experience of many managers—that may help the new supervisor to get over the first hurdles:

1. The new supervisor should make the break gradually. If he snaps the cord too fast, he'll build resentment.

2. He should find logical excuses for not joining the group at coffee breaks or lunch.

3. He should miss the department bowling or card sessions, occasionally at first, then more frequently.

4. He can accept invitations at first to subordinates' homes, but should reciprocate only with group invitations—then not accept at all.

5. Employees should be given the chance to pull away from the supervisor. A gradual withdrawal from department activities by the supervisor lets them do it painlessly.

6. Allow the supervisor's wife more time to pull away from friendships with her husband's subordinates. "Wives don't understand the protocol of office organization," a department head says, "because they aren't exposed to it daily." Let them make the transition more slowly.

7. The supervisor should limit all contact eventually to office hours. But, at all times, he should be friendly and helpful to everyone in the department impartially. ♦

Tomorrow's Transportation

CARS THAT FLOAT ON AIR, sleek cargo submarines, single-rail trains, speedier whirlybirds, and nuclear-powered tankers—these are only a few of the new vehicles that will be moving men and materials faster and more economically within the next few years, reports *Dun's Review and Modern Industry.*

Some of the vehicles—dreams five years ago—are already being produced, and others will be available in less than a decade. In the area of sea transportation, for example, hydrofoils, nuclear-powered ships, and submarine cargo carriers are being developed in the U.S. and abroad. A 104-foot vessel that will ride at speeds up to 80 knots on hydrofoils or underwater wings is now being constructed by Grumman Aircraft Engineering Corp. An air-boat, powered by two Curtiss-Wright C-9 cyclone engines and capable of carrying 40,000 pounds of freight and passengers, is now on the drawing boards.

Britain's Fairey Aviation has put into the air its big Rotodyne, which climbs vertically like a helicopter in getting off the ground but, once in the air, is propelled like a faster autogyro. The major helicopter manufacturers, meanwhile, are trying to build bigger machines.

Land transportation will be revolutionized by vehicles that skim over the ground on a cushion of low-pressure air. And belt conveyors, already moving bulk materials over considerable distances, may eventually carry them cheaply up to 20 miles.

Administering Corporate Aid to Education

By John A. Pollard

Condensed from Harvard Business Review

During 1958, total corporate giving to higher education came to an estimated $136 million, and to all causes, something like $550 million. During 1948, for contrast, the National Industrial Conference Board found that business concerns in this country made contributions of $24 million to education, and of $239 million to all causes. Thus, in one decade, the role of the "corporate citizen" in U.S. life has grown immensely.

What has brought about this striking advance? Since 1936, federal tax laws have encouraged business corporations to make grants for educational, charitable, scientific, and religious purposes. Now, management sees clearly that contributing to education is not just philanthropy; it is also an investment that benefits the corporation three ways: by stimulating the growth of new knowledge and making possible a wider dissemination of present learning; by recognizing that an adequate supply of educated manpower results from good teaching under favorable circumstances; and by fostering a social, economic, and political climate in which the company can continue to progress.

Various companies use different methods of establishing policies for making contributions and distributing grants. In a survey conducted by the Council for Financial Aid to Education, Inc., nine companies reported the appointment of a special officer of the corporation to supervise their aid-to-education program; 144 have set up special committees; and 157 have established company foundations.

Frequently, the administration of company contributions is handled in committee. A chairman or secretary may manage the details, reporting and recommending to the chief officer of the company or to the board of directors for their final decision. Membership in the contributions committee is drawn primarily from finance, personnel, and public relations. If the company has a vice president for finance, the corporate component that manages company contributions can logically be attached to his office.

Usually, all requests for funds are forwarded to the secretary of the contributions committee. (Companies with distant plants typically allow local management, for reasons of discretion and prestige, to honor requests

on their own responsibility, provided the contributions come within company policy and do not exceed some set limit.) Requests are measured against the contributions policy to determine whether or not the request should be granted and, if so, in what amount. The screening is usually done by the chairman or secretary of the contributions committee. Many of these officers spend full time on this work, and it is a wise investment of company time and money to have them do so.

Companies which have established charitable foundations as a vehicle for making some of their contributions have three main reasons for doing so:

1. To permit the company to maintain its contributions despite ups and downs in its earning position. A recent survey indicated that nearly 40 per cent of all companies having 1,000 or more employees now have operating foundations or trusts.

2. To improve administration of company giving. Usually a foundation's governing board is composed of officers or directors of the donor company. Some of these officers ordinarily are also on the company's contributions committee. The activities of a foundation never completely supplant direct contributions by the company, and the administrators must often distinguish carefully between tax-free foundation funds and company funds.

3. To discover the best means of equitably distributing available resources. Many of the largest companies or their foundations have professional staffs in charge of their corporate giving programs—staffs which are equal in stature to those of the best managed research or general welfare foundations. Among them are E. I. du Pont de Nemours & Company, Esso Education Foundation, General Foods Fund, Shell Companies Foundation, and the United States Steel Foundation.

In some companies, the staff work on the aid-to-education program is under the ultimate direction of the vice president for public relations. In a number of others, such programs are managed in the personnel division. Du Pont's Committee on Educational Aid includes its executive director, the director of the central research department, and the director of the employee relations department; contributions for all other purposes come within the scope of the company's assistant to the president. This type of chain of command is wise. Whether or not a company has a foundation, it can manage its contributions program most effectively by linking it closely to top management.

The contributions managers of major companies, well aware that they are using business-earned dollars, have steadily improved the criteria for company giving to colleges and universities. They identify five main kinds of institutional aid:

1. *Unrestricted Grants.* As recently as 1953, many contributions managers doubted the wisdom of making gifts unrestricted as to use, because they lacked a "handle." Today, however, some of the major aid-to-education programs are centered on unrestricted giving. The Esso Education Foundation, for instance, during 1958 made unrestricted grants totaling $721,500, plus $250,000

more in capital grants. Texaco, Inc., in the same year, made unrestricted gifts of $230,000 to colleges and universities—43 per cent of its entire educational contributions. And all grants by the First National City Bank of New York—$200,640 in 1958—are unrestricted as to use.

For the most part, grants to groups of institutions are unrestricted—groups such as the United Negro College Fund, the National Fund for Medical Education, the Council for the Advancement of Small Colleges, the Council for Independent School Aid, and state associations of colleges.

2. *Capital Grants.* Contributions managers usually favor grants for current operations of colleges and universities rather than for capital purposes. Even so, company patterns vary. The Bankers Trust Company, New York, with $25,000 in annual grants, finances the endowment of the S. Sloan Colt Chair of Banking in the Graduate School of Business at Columbia University. Other companies or their foundations which have endowed professorships include Food Fair Stores (at the University of Pennsylvania), National Gypsum Company (University of Buffalo), and Sears, Roebuck and Co. (New York University).

3. *Student Aid.* It is impossible to estimate how many of the country's 800,000 business concerns provide scholarships. The National Merit Scholarship Corporation, which was started in 1955 with grants from The Ford Foundation and the Carnegie Corporation, awarded $5 million worth of Merit Scholarships in 1957-58. There were 76 sponsors, nearly all of them business concerns or business-financed foundations. The College Scholarship Service of the College Entrance Examination Board works closely with the NMSC, but also organizes and administers scholarship programs for about 200 business concerns. The CSS estimates that there are about 4,000 new scholarships in these programs, and that the total awards to winners in all four undergraduate years are now worth $10 million annually.

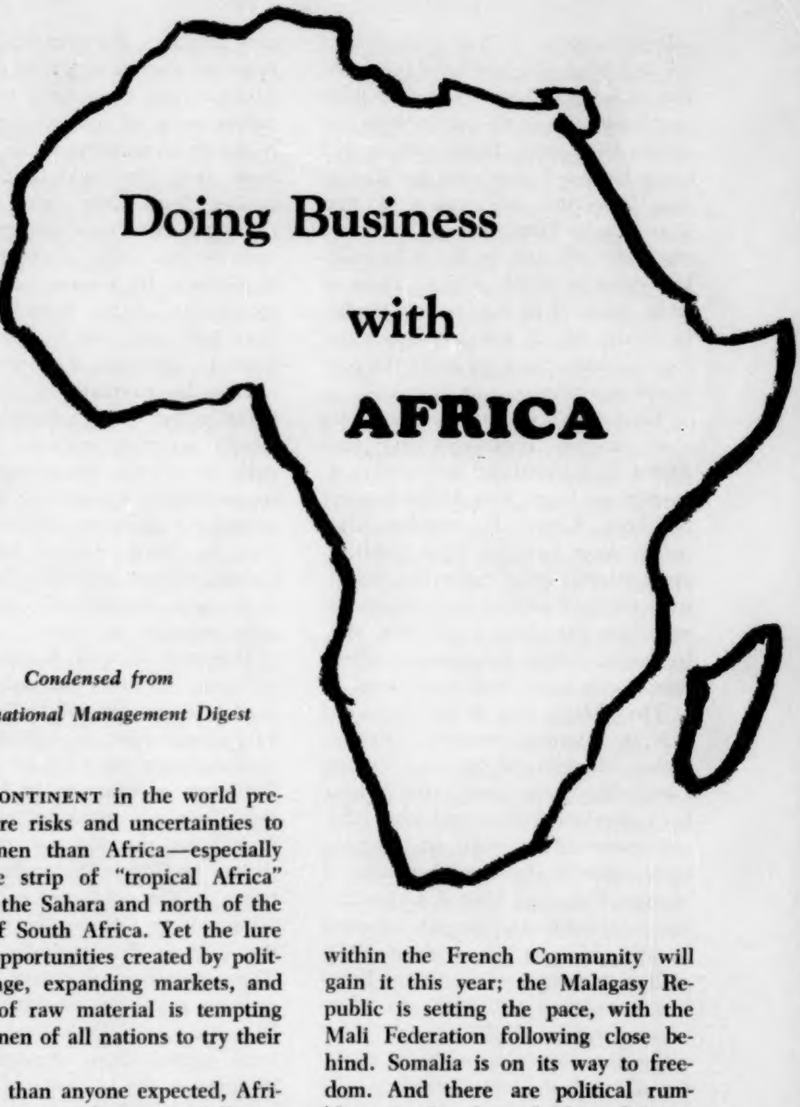
In making a start in educational aid, many companies go the scholarship route. Most add other types of aid after a few years' experience. Some shift from scholarship plans to expanded programs in other areas, and maintain or even increase their total dollar contributions. A few program managers feel that scholarships help the students but not necessarily the institutions in which they enroll, especially if the scholarships are not supplemented by cost-of-education payments to the colleges or universities in question.

4. *Faculty and Staff.* Most of the unrestricted grants probably are applied to faculty and staff salaries by the recipient colleges and universities. Certainly, this is true of the nearly 500 members—nearly all of them liberal arts colleges—of the 40 state associations which comprise the Independent College Funds of America. Many contributions managers support these associations in states where they have major plants or marketing operations. In this manner, they can skirt the problem of selecting individual colleges. Some firms, however, prefer to make direct grants to selected institutions for faculty and staff pay.

5. *Spreading the Base.* Companies that help colleges are keenly interested in the extent to which those colleges can help themselves. Most of this interest focuses on alumni giving. General Electric now matches—up to $2,000—annual gifts by its employees (with the company for one year or more) to their respective colleges. So wide has been the appeal of this matching program that nearly 80 other companies have adopted it. Some firms will match an employee's gift to a college or university even if he is not an alumnus of it.

Although there are many specific educational aid devices in use, the consensus is that a *balanced aid* program should embrace at least four major elements: operating aid, plant facilities aid, student aid, and aid for development or to help meet new needs of the nation's colleges and universities. ♦

"One of the girls is getting married."



Doing Business with AFRICA

Condensed from
International Management Digest

NO CONTINENT in the world presents more risks and uncertainties to businessmen than Africa—especially the huge strip of "tropical Africa" south of the Sahara and north of the Union of South Africa. Yet the lure of new opportunities created by political change, expanding markets, and reserves of raw material is tempting businessmen of all nations to try their luck.

Faster than anyone expected, African colonies are becoming fully independent, politically and economically. The Belgian Congo just achieved independence. Several territories within the French Community will gain it this year; the Malagasy Republic is setting the pace, with the Mali Federation following close behind. Somalia is on its way to freedom. And there are political rumblings in Angola and Mozambique.

Nigeria, most populous of the emerging nations, has had the benefit of long, careful British tutelage for

Digested with permission of the Editor from International Management Digest (May, 1960),

self-government. It has a good start for independence, due later this year. But in British Central and East African lands, where Europeans have set down deep roots, independence will come harder. Kenya and the Rhodesian Federation are centers of tension. These East African lands are especially affected by the grim political crisis in South Africa. There is little doubt that the recent trouble in South Africa has influenced foreign investors' feelings about the continent as a whole.

West Africa starts nationhood with some obvious advantages over East Africa. Its mineral and agricultural resources are large. East Africa has less of them. Kenya, for instance, has coffee, local farming, light industry, and nothing else. Tanganyika, British trust territory soon to reach independence, has diamonds—and little else. In Somalia, there are nomadic tribesmen, scrub land—and possibly oil.

The Congo, like West Africa, is rich in resources—copper, asbestos, nickel, oil, iron, timber, and rubber. Large European firms, which have been developing these and other African resources for years, are adapting their policies to the demands of change. Unilever's United Africa Co., Ltd.—probably the largest company in all Africa in sales (about $850 million annually)—is replacing European employees with Africans wherever possible. U.A.C. and other companies are enlarging their activities beyond the usual trading and mining and are trying to help the new nations diversify output and protect themselves by broadening the base of their business.

Many old-time companies welcome new investors. For one thing, the big firms are obvious targets of nationalist Africans, and newcomers might help relieve some of the pressure. There is also an immense need for capital—more than the old-line firms can muster from their own resources. Consortia are another approach—such as the FRIA aluminum group in Guinea. By pooling risk and responsibility, U.S., French, British, West Germany, and Swiss companies hope to maintain their position in Guinea by guaranteeing outlets for Guinean ore. The opportunities are clearly tempting enough to justify risks by outside businessmen. Most opportunities for some time will center around the extractive industries: rich iron in West Africa; bauxite in Guinea, Ghana, and the Congo; and large new deposits of copper and other minerals elsewhere.

Different African leaders possess different attitudes toward foreign capital. Economic policies in tropical Africa range from the complete open-door welcome extended by President Tubman's government in Liberia to the glowering suspicion of foreign capital on the part of the Touré regime in Guinea. Somewhere in between is the mild state socialism of Nkrumah in Ghana. By and large, the attitude is hospitable—so far. These countries, of course, do insist on some priority to essential industry. In some cases, they tend to favor local participation—through capital or through the presence of Africans on boards of directors (expected to become a widespread practice soon). But they rarely say: "This company must be run by the government."

Most of the emerging countries

have a Ministry of Commerce and Industry that does its best to help foreign businessmen. Some nations are beginning to copy others' tax incentive programs. A few are trying to help themselves financially: Both Ghana and Nigeria are planning to establish local money markets for government securities.

The success of Europe in establishing economic cooperation with its former African dependencies will affect the investment climate profoundly. The Eurafrica concept—that of an economic union to replace political domination—is Europe's answer to the collapse of colonial control. But there are doubts in both Africa and Europe as to whether a mutually satisfactory bargain can be struck.

Regardless of how Eurafrican relations evolve, the U.S. assumes that independence will bring about at least some withdrawal of European economic influence. Washington is worried that in a number of places, dangerous vacuums will emerge—which the Soviet Union and its satellites will seek to fill.

The U.S. has some advantages in approaching Africa. For one, the U.S. was not a colonial power. Also, Washington finally has taken a strong position on South Africa's racial policies. But there are disadvantages, too. The U.S. is viewed by many African leaders as the leading champion of "capitalism," a word which Africans see as synonymous with colonial "exploitation."

So far, U.S. government policy has given a low priority to Africa. Washington has relied upon its European allies as Africa's logical customers, suppliers, and donors of capital and technical assistance. Africa is now being given a much higher priority: The U.S. will encourage increased lending to Africa through the international financial agencies, and there may be more direct U.S. government assistance. Meanwhile the U.S. hopes that private American businessmen will play a larger role.

U.S. private investments in Africa total only about $500 million to date, much of it in the Union of South Africa. These investments may increase considerably. In the past, colonial governments and the established European firms tended to discourage U.S. businessmen. This attitude is changing rapidly—particularly in the Congo. Eighteen months ago, American inquiries about investment there were likely to get a cold reception. Today, the Belgians appear anxious to encourage U.S. investment. U.S. private funds—like the Ford and Carnegie foundations and the Rockefeller Brothers Fund—have sent study missions, and U.S. businessmen are busily traveling about sizing up the market. Nigeria House in London, for instance, notes a big increase in American inquiries.

There is, in fact, a mood of cautious optimism in the U.S. about Africa's long-term outlook. Most Americans see a strong, natural base for cooperation between independent Africans and the West; they are now trying to help build the confidence necessary for such cooperation. For there is a growing realization among African leaders that, while they are successfully ridding themselves of outside control, they will need outside help if they want to hold on to their continent and make it prosper. ♦

COLLECTIVE BARGAINING: The Trend Toward Union Alliances

By Roscoe Born

Condensed from The Wall Street Journal

LABOR IS ADVANCING toward presenting each of the nation's major industries with a solid union front. Newly developing union alliances in industries such as newspapers, airlines, and retail trade are unmistakably signaling a move toward working coalitions of kindred unions, in much the same way as Teamster boss James Hoffa is striving to link all transportation unions together. Beyond that, some existing unions may even merge to form single big new unions representing most or all of an industry's employees.

The purpose is to strengthen labor's bargaining power—giving most unions the same sort of strength that the Steelworkers already enjoy—and to step up organizing campaigns.

In a recent development, union men made their first real moves to put together one union for everybody who has any hand in producing newspapers—reporters, printers, pressmen, and papermill workers. At present, most of the industry's unionized employees belong to half a dozen different unions. Merging these would create a union of nearly 500,000 members; the biggest group, the Papermakers, now lists only 135,000.

Other unity moves, still in embryonic stage, are nonetheless significant. Recently in Carlsbad, N.M., four unions engaged in production of potash got together for the first time to plan coordinated collective bargaining. Similar signs are clearly visible in the aircraft-missile industry. Walter Reuther's United Auto Workers and Al Hayes' Machinists are working together more closely than ever before in contract bargaining with West Coast manufacturers.

In the airline industry, six unions are bargaining in unison under the banner of the Association of Air Transport Unions. This spring, the association, representing nearly all the nation's airline employees, took its first major action: an appeal to the Civil Aeronautics Board to disapprove the plan of nine airlines to help each other financially if one line should be shut down by a strike.

Actual merger moves are simmering in retail trade, where the two big unions—the Retail Clerks and the Retail, Wholesale, and Department Store Union—could join in a single union of 465,000 members.

Among the railroad brotherhoods, there is increasing talk of merger. H. E. Gilbert, president of the Brotherhood of Locomotive Firemen and Enginemen, is under instructions from his union's convention to seek unification of the five brotherhoods that actually operate the trains. Past merger efforts among the rail unions have been futile, but heavy cuts in

railway employment—and into union membership—could heighten the brotherhoods' interest in joining forces.

In the oil and chemical industry, merger between two AFL-CIO unions is expected eventually. The Oil, Chemical, and Atomic Workers and the International Chemical Workers Union were recently on the brink of complete amalgamation, but internal politics interfered. They remain friendly, though, and new unity efforts are likely.

Two once-bitter rivals, the Seafarers' International Union and the National Maritime Union, buried many of their past differences last December to form the International Maritime Workers' Union. The I.M.W.U., so far at least, stands as a third union and does not replace its sponsors. Its sole purpose now is unionization of seamen aboard so-called "runaway" ships—American-owned vessels flying the flags of Panama, Liberia, and other nations to avoid the high cost of employing unionized American seamen.

A good deal of labor's blossoming cooperation stems from the AFL-CIO Industrial Union Department, headed by Walter Reuther. Just this spring, three I.U.D. unions that bargain with Sylvania Electric Products, Inc. met in Washington to coordinate demands and work toward common expiration dates for their Sylvania contracts. At the urging of delegates, I.U.D. organization director Nick Zonarich will attempt to set up joint organizing campaigns in unorganized units of Sylvania. Unions involved are the International Brotherhood of Electrical Workers, International Union of Electrical Workers, and the International Association of Machinists.

These three unions, plus the Auto Workers and the Federation of Technical Engineers, also belong to the department's GE-Westinghouse Conference, formed last year to coordinate bargaining with General Electric Co. and Westinghouse Electric Corp. Though there is no thought of merging these unions, their close cooperation illustrates the quickening trend toward formation of industry-wide labor councils.

In the past five years, several get-togethers have actually been completed. The International Metal Engravers and Marking Device Workers Union has merged with the Machinists; the Government and Civic Employees Organizing Committee merged with the American Federation of State, County, and Municipal Employees; and the United Wall Paper Craftsmen joined the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers. The most recent merger brought together two organizations of insurance workers—the first amalgamation of white-collar unions since the AFL-CIO was formed.

But the merger score to date has fallen somewhat short of what many onlookers predicted when the two union groups joined more than four years ago. And most of the marriages consummated so far have not produced a united labor front against any one industry. Many officials of lesser unions are longingly eyeing the sweeping power brought to the bargaining table by such unions as the Auto Workers and the Steelworkers and the far-above-average successes they have racked up—but there's no assurance that others can do as well. ♦

INDUSTRIAL ADVERTISING: WHY AGENCIES GET HIRED—AND FIRED

By Leo Anderson
Condensed from Industrial Marketing

WHY DOES an industrial advertiser fire his ad agency? And what does he look for when he hires a new one? These were the two main questions asked by *Industrial Marketing* in their recent survey of 59 industrial advertisers. Here are some of the important points they uncovered:

• The three biggest reasons for getting rid of the old agency were "need for a fresh copy approach," "need for additional services," and "general dissatisfaction."

• The three most important criteria in hiring the new agency were "talent of personnel available to service the account," "general reputation of the agency," and "previous experience with industrial accounts."

• More often than not, the new agency is picked by a committee. Where an individual selects the agency, that individual is likely to be the president (in companies with relatively small advertising budgets) or the advertising manager (in companies with larger budgets).

• The most critical year in the client-agency relationship is the second. The smoothest are the fifth through tenth, and after that it gets rough again.

Companies quoted one or more of the following reasons for getting rid of the old agency: need for fresh copy (a reason given by 34 per cent of the respondents); need for additional services (given by 30 per cent of the respondents); general dissatisfaction (25 per cent); exorbitant

costs (20 per cent); personality conflicts (13 per cent); and poor work (13 per cent). Other companies were dissatisfied with the agency's inconvenient location or with change of personnel on the account. In 5 per cent of the cases, the agency resigned the account, often because of competitive accounts in their shop.

When the survey respondents were asked to give any additional reasons for getting rid of their old agencies, many replied with statements that provide more insight than do the statistics:

• "The agency lost most of the personnel acquainted with our account. Our product was so technical that it was more practical to change agencies than to try to train new personnel."

• "The agency didn't allow their creative personnel enough time to become thoroughly familiar with our processes, policies, and philosophies."

• "They were not aware of our marketing problems."

• "We were a small account in a large agency, and they tried all the new men out on us."

• "The merger of the company moved the account to the parent company's agency."

When a company hires a new agency, it looks for one or more of these factors: talent of personnel available to service the account (a factor mentioned by 76 per cent of the respondents); general reputation of the agency (mentioned by 49 per cent); previous experience with industrial accounts (45 per cent); previous experience in the specific field (40 per cent); variety of services available (38 per cent); location; economy of services; "enthusiasm and interest" in soliciting the account; and the fact that the agency already served other divisions of the company or other companies with the same ownership.

Who picked the agency? Of the 59 respondents, 33 said that the choice of a new agency was made by a committee, 25 said it was made by an individual, and one did not answer. The average number of men on the agency-picking committee was 2.4. The typical committee includes the advertising manager, sales manager, and often the president. Other committee members named were vice president, marketing manager, general management, and occasionally, assistant sales manager, executive secretary, and secretary-treasurer.

When an individual picked the agency, it was the president (generally on smaller accounts) or the advertising manager (generally on larger accounts). Other individuals who had complete say on agency choice were: marketing manager, general manager, and sales manager.

The mechanics of selecting a new agency vary considerably. For example, company accounts were solicited by as many agencies as 50 and as few as none. As might be expected, the bigger the account, the more agency solicitations. The average advertiser actually interviewed five agencies. The largest number of interviews reported was 20—by an advertiser with a $400,000 account. Generally the bigger advertisers—those with advertising budgets of $100,000 and over—interviewed more agencies (their average was 6) than the small ones (average: 4.8).

However, the biggest advertiser in the survey, a $4 million account, received no agency solicitations, interviewed only one agency, and hired that one. Big and small advertisers were pretty close on the number of agency presentations they saw. Those with ad budgets of $100,000 or more looked at an average of 3.7 presentations; those under $100,000 saw 3.4.

It takes three and one-half months for the average industrial advertiser to find a new agency, the survey showed. The "looking" period ranged from two weeks to one year. The bigger advertisers take almost a month longer (average: 4.1 months) than the smaller (average: 3.2 months) to decide.

When do most industrial advertisers switch agencies? The survey shows that the second year is the most critical, with 13 of the 56 respondents having fired the agency in its second year of service on the account. Only five had had the old agency less than a year. Fourteen said they had the old agency two to five years before releasing it, while only nine fired their agencies between five and ten years' service on the account. Longevity, however, is no guarantee of "home safe": 15 of the respondents fired agencies that had served them for ten years or longer.

Respondents were asked to offer advice to others who might be faced with the task of picking a new agency. One recommended that business-paper space salesmen be asked to help in the agency-picking job: "Six trade-publication space salesmen — who know our problems and whose judgment we have grown to respect—were invited to suggest up to three agencies. Eight of the 12 agencies considered were from this group. Another was ruled out by unanimous decision of the salesmen that the outfit was extremely difficult for them to deal with. The agency finally chosen had been first recommended by a salesman who wasn't selling them space for any other accounts, but considered them best suited. The other salesmen later endorsed the agency. Many space salesmen have this integrity—and a lot of good experience that a company should use."

Here are some other tips on agency selection:

- "Select an agency whose other accounts budget approximately the same for advertising as you do."
- "Of major importance is the depth of service on the account, backstopping the account executive."
- "Take plenty of time. What agencies are actually doing for other clients is much more important than what they say they will do for you. Agency practices vary greatly—get all the details. Do not assume that the new agency works like the previous one."
- "First, select the agencies who have had experience and success with related products sold through your distribution channels. Interview them at your office and then visit the shops of those who look promising. Through this process of elimination, plus telephone conversations with present accounts, select three or more agencies to make presentations to your management committee."
- "Agency selection is no different from hiring a new employee. Know who will handle your account, and know their capabilities." ♦

6 EXECUTIVE BAD HABITS — and how to break them

By Ray E. Brown

Condensed from Office Management and American Business

MANAGEMENT is no easy profession under any circumstances. But many executives compound their difficulties by falling into administrative bad habits. To break the habits, businessmen must first recognize them:

The policy of first-come-first served. Administration is not a game of solitaire; it cannot ignore the rights that individuals develop via precedent and established practices within the organization. The results of expedient decisions may not emerge until long after strong organizational habits have been developed—and strong claims staked out—on the basis of those decisions. Correcting the mistakes usually takes a long time, if upheaval is to be avoided. In addition, decision-making on a first-come-first-served basis damages continuity of policy. An effective organization must go in one direction at a time if there is to be unity of effort.

Unpredictability. It is tough enough to develop an organization that does what the administrator wants it to do, but it is impossible for subordinates to carry out the administrator's wishes unless those wishes can be predicted. Inconsistency and broken-field decision-making at the top impose an intolerable burden on those who have the task of keeping in step with the leader.

Impulse. Some executives react impulsively to situations, and let their feelings lead them to break policy, or make policy commitments, against the best interests of the organization. They act this way when the subordinates involved seem bewildered or dependent, or when they appeal to the executive's authority or his position as an expert. Many executives have had the embarrassing experience of asking some colleague to break a policy in order to "bail out" the executive from an impulsive commitment.

Susceptibility to flattery. This is perhaps the most dangerous risk to the executive, because it is so often imposed upon. Exploiting an execu-

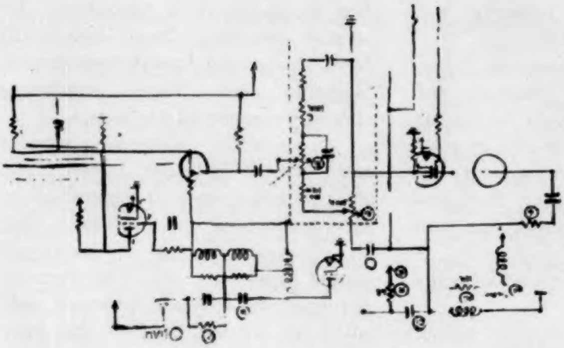
tive's susceptibility and clouding his judgment may take any number of forms, including graft, entertainment, or the economy package: flattery. Honesty and ethics are not always enough to protect the executive against such exploitation unless they are buttressed by experience and good judgment. The question of honesty and ethics is not always apparent, and he may not be aware that he is being used.

Overexpansiveness. In many ways, the executive must live by himself. He is usually insulated from much of the informal life of the organization, but at the same time he is likely to be more gregarious than the average person and to have a need for shared experiences. This liking for people was perhaps the strongest reason for his gravitating into (and upward in) administration. In a way, an executive's duties are at cross-purposes with his personal attributes. He is supposed to like to talk, but his insulation leaves him little to say to his subordinates. He knows that he should not talk about the people or happenings in the organization, because such talk will be taken as official or given undue meaning. Too often, however, he yields to his personal need to be a part of the group, and he discusses the things he knows will be of most interest to those around him. This error in judgment often means premature disclosure of plans. It may go even further: Under the glow of a responsive listener, the executive may exaggerate facts and over-commit himself and the organization. The executive, marooned in a crowd, must beware of out-talking his best judgment.

Lack of self-control. Judgment depends upon a calm and undistracted mind through which to filter facts and values. Emotion disturbs the filtering process and contaminates judgment. Among other things, good judgment depends on controlling one's emotions. The executive can exercise a great deal of such self-control by avoiding conditions that lower his stress level, by monitoring his emotions, and by avoiding situations that he knows will overtest his control.

Much of it depends upon habit. The more one practices emotional control, the easier it becomes to exercise it. The major problem is to recognize the deviations. We can exert a high degree of control when we consciously attempt it. All of us can recall difficult situations in which we knew the importance of controlling ourselves—and did it. One way is by avoiding fatigue and observing other good health practices. The executive can learn to recognize his own boiling point and the symptoms that precede it. This will enable him to get a grip on his emotions, or, until he can, at least to delay any action. In no case should he take up an issue while he is strongly upset over it. If he holds off his attack on the problem until he has regained his self-control, the problem may look quite different.

Emotional interference with good judgment can also be avoided in many instances by remembering that there are always two sides to an issue. The executive doesn't have to agree with the other side, but he can see it and understand it. This doesn't guarantee reaching agreement, but it is a powerful way of removing emotional blocks to good judgment. ♦



"Free Engineering" Can Be Costly

Condensed from
Material Handling Engineering

MOST MANUFACTURING companies have been able to take advantage of free engineering—the design help from engineered-equipment manufacturers who are bidding for your business. Such free engineering is, of course, valuable. You wouldn't buy complex machinery requiring special design without depending on the supplier to do a substantial part of the engineering.

But free engineering is never really free. Sometimes it can be extremely costly. For example, Company A, a heavy machine manufacturer, was planning an assembly line for a new model and needed a certain kind of conveyor. The company sent sketches and brief specifications to 18 conveyor manufacturers for quotations. All responded. Eight of them were disqualified because their type of equipment was unacceptable—for design restrictions that had not been clarified in the original specifications. Company A then instructed the ten remaining bidders to recheck their design and bring the price down. This meant that all ten manufacturers had to send sales engineers—many coming from out of town—to discuss the bids with Company A's engineers. Three months later, after three re-

bidding cycles, the conveyor was bought for about $40,000.

On the surface, Company A appears to have been cautious and smart. By taking time to investigate many types of conveyors and by playing one manufacturer against the other for the lowest price, they had saved money while getting the best possible system.

But had they? Here's what really happened:

Each of the 18 conveyor manufacturers spent about $500 in prebid design—a total of $9,000 worth of engineering effort, or over 22 per per cent of the total cost of the job. True, Company A did not pay for it on this particular job, but subsequent customers of the bidding companies did.

Company A added to sales expense while paring prices. When bid rechecking started, the ten bidders who had passed the first hurdle had to absorb several hundred dollars in sales expense.

The company also wasted its own time. Company A's engineers and purchasing agents had to take part in more than 30 time-consuming conferences with sales engineers.

Company A spent more for construction. By the time a conveyor supplier had been selected, they were dangerously close to the deadline for starting production of the new model. As a result, installers had to work overtime (at Company A's expense) —wiping out savings the company thought it had made through lower bids.

It was a costly experience, resulting from unwise purchasing policies and wasteful use of free engineering. But Company A is not alone. By similar practices, large and small firms throughout industry waste considerable sums when purchasing specially engineered machinery.

Abuses of free engineering services take several different forms. The most common error is committed by ***the scatter-shot requisitioner.*** He, like Company A, asks too many potential suppliers to bid. ***The contract-it-yourself-er*** will ask potential suppliers to provide detailed drawings. Then he will buy his components and have them installed by local crews who might not have experience with the equipment involved. Of course, it's cheaper this way—at the start. But remember, you have to pay for every revision. In the long run, it is actually cheaper and safer to pay a reliable manufacturer to see that the system you want is installed on time and operating the way you want it.

Closed bid-contracts for multi-thousand dollar systems have been awarded for a price differential as low as one dollar, regardless of design considerations. ***The price buyer*** puts price before more important factors, like operating efficiency, maintenance requirements, and length of life. For example, Company B decided it needed a new equipment-handling system. Its engineers submitted rough specifications to six possible suppliers. Five followed the specifications. The other company cut corners by omitting several requirements listed in the specifications. As a result, it was able to underbid the others. It got the contract. Company B saved money then, but has been paying the difference over and over in attempts to

get the equipment to perform as it should.

The purchasing autocrat, when not properly guided, can save a dollar and waste hundreds. For instance, Company C, which operates a processing plant, wanted to install a system which would save 4 cents a pound of product, or $12,000 per month. Company C's engineers hired a consulting engineer to help design the new system. Then Wy Corp., an equipment manufacturer, was asked to bid on the system that the consultant had drawn up. In preparing its bid, Wy Corp. found several ways to improve on the consultant's design. Accordingly, they redrew the system and submitted the plans to Company C and the consultant. Both accepted the changes in every detail and agreed on a satisfactory price.

The day the purchase order was to be issued, another vendor quoted an off-the-cuff price 30 per cent below Wy Corp.'s. The purchasing agent saw a chance to save a lot of money and, acting within his rights as established by management, awarded the contract to the second manufacturer. The engineers weren't even consulted. The equipment was installed—and then the troubles started.

The system did not work right until eight months after the date Wy Corp. had guaranteed smooth, full-speed production. At potential savings of $12,000 per month, this means that $96,000 worth of savings were lost forever because the purchasing agent could not see beyond the immediate profit he was making for his company.

Finally, there is *the panic buyer.* Company D needed some specially designed manufacturing equipment. On a Monday, it notified two manufacturers of its needs, and told them that their proposals, complete with drawings and specifications, had to be submitted no later than Wednesday of that week.

One company chose to develop the best possible plan despite the short time. They put their best engineer on the job around the clock on Monday and Tuesday and right up to the Wednesday deadline. He designed a good system that took into consideration the special problems involved. The other company submitted a short-cut system not tailored to Company D's specific needs. Its price was lower by far. On Wednesday, the contract was awarded, strictly on price. One year later, the equipment sits idle. It never has worked properly and is a silent, costly monument to panic buying and misuse of free engineering.

Here are some suggestions from users, manufacturers, distributors, and consultants on how to get maximum use from engineering help:

- Keep the number of bidders low: one if possible, never more than three.
- If you want engineering help from more than three firms, pay for it.
- Carefully choose the equipment manufacturers you call in. Learn all you can about them—past performance, experience, etc.
- Plan ahead for your machinery needs. Allow your suppliers enough time to design new equipment properly.
- Let the manufacturer who designed the system build it. ♦

To the extent that business neglects its social responsibilities, other groups—notably government and labor—will step in to assume them . . .

CAN BUSINESS AFFORD TO IGNORE Social Responsibilities?

By Keith Davis

Condensed from California Management Review

SIGNIFICANT CHANGES are taking place in social, political, economic, and other aspects of modern culture. Businessmen may want some of these changes and may dislike others, but in either instance, it is appropriate—even mandatory—that businessmen re-examine their role and the functions of business in society. One area being extensively re-examined is the social responsibility of businessmen. These are the questions that are being asked:

- Why do businessmen have social responsibilities?
- How does a businessman know in what directions his social responsibilities lie?
- If businessmen fail to accept their social responsibilities, what consequences may be expected?

Social responsibility is defined in various ways. It is used in a management context to refer to businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest. Thus, social responsibility has two different faces. One is businessmen's awareness that, since they are managing an economic unit in society, they have a broad obligation to the community with regard to economic developments affecting the public welfare: full employment, inflation, and maintenance of competition, for example. A different type of social responsibility is the businessman's obligation to nurture and develop human values—such as morale, cooperation, motivation, and self-realization in work—which cannot be measured solely in economic terms.

Businessmen today have considerable social power. Their counsel is sought by government and community. What they say and do influences the community because they

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are leaders and intelligent men of affairs who speak for that important institution called business. The lessons of history suggest that to the extent that any group possesses social power, the group's social responsibility should be equated with it. This idea—that social responsibilities of businessmen should be commensurate with their social power—is not as simple as it seems. On the one hand, it is argued that business is business, and anything that smacks of social reponsibility is out of bounds. On the other, some would have business become a social godfather, looking after widows, orphans, water conservation, or any other social need—simply because business has large economic resources. Both positions are equally false.

The idea that responsibility and power go hand in hand appears to be as old as civilization itself. Wherever one looks in ancient and medieval history—Palestine, Rome, Britain—men were concerned with balancing power and responsibility. Men, being something less than perfect, have often failed to achieve this balance, but they have generally sought it as a necessary antecedent to justice.

The idea of co-equal power and responsibility is no stranger to business, either. One of the tenets of scientific management is that authority and responsibility should be balanced in such a way that each employee and manager is made responsible to the extent of his authority, and vice versa. Although this tenet refers to relationships within the firm, it can be applied as well to the larger society outside the firm.

The principle of co-equal power serves only as a rough guide, but a real one. For example:

• Can businessmen, by their industrial engineering decisions, affect workers' feelings of accomplishment and self-fulfillment on the job? If so, there is roughly a co-equal responsibility.

• Can businessmen influence unemployment? To the extent that they can, is there not also social responsibility?

• Can businessmen determine the honesty of advertising? To the degree that they can, is there also social responsibility?

Certainly, if social responsibilities could be avoided or kept to insignificant size in the total scheme of business, a weighty, difficult burden would be raised from businessmen's shoulders. Business progress would be a primrose path compared to the path of thorns which responsibilities entail. But what are the consequences of avoiding responsibility? If power and responsibility are to be relatively equal, then the avoidance of social responsibility leads to gradual erosion of social power. To the extent that businessmen do not accept social-responsibility opportunities as they arise, other groups will step in to assume these responsibilities. Historically, government and labor have been most active in the role of diluting business power, and probably they will continue to be the principal challenging groups. To take one example from the past, business in the first quarter of this century remained callous about technological and market layoff. As a result, business surrendered some of its power to government, which administers unemployment compensa-

tion, and to unions, which restrict business by means of tight seniority clauses, supplemental unemployment benefits, and other means. Now business finds itself in the position of paying unemployment costs it originally denied responsibility for—and having less control than when it did not pay.

Since man is more than an economic automaton, what will be the role of business in serving his other needs? Another relationship is indicated here: Continued vitality of business depends upon its vigorous acceptance of socio-human—as well as socio-economic — responsibilities. Many businessmen accept the general idea of social responsibility, but argue that business is wholly an economic institution and that its responsibilities are limited only to economic aspects of general public welfare. Following this line of reasoning, businessmen might be concerned with economic costs of unemployment, but not with the loss of human dignity and the social disorganization that accompany it. They would be concerned with making work productive in order to better serve society's economic needs, but not with making it meaningful to the worker and providing him with fulfillment.

The idea of confining social responsibility within limits fails on several counts. In the first place, it is hardly possible to separate economic aspects of life from its other values: Business deals with a whole man in a whole social structure. Second, even if economic aspects of life could be wholly separated out, the general public does not seem to want business confined only to economics. They also have human expectations of business. Third, businessmen currently possess socio-human power; hence, if they ignore responsibility in this area, they will be inviting further loss of power. Thus it appears unwise to eliminate human factors when making business decisions.

But there are dangers in generalizations which are too sweeping, such as, "Business is responsible for human values in general." What is needed is a concept which marks business as an instrument for specific human goals (along with technical-economic ones) in the life of man and his society—something which gives direction and hope to the rise of mankind.

Because society is changing, evidence suggests that the continued vigor of business depends upon its forthright acceptance of further socio-human responsibilities. In spite of protestations of impending corporate feudalism and dilution of economic objectives, the trend in this direction is already apparent. Some of the more fruitful avenues of interest are: making work meaningful, developing persons to their fullest potential, preservation of creativity and freedom, and fulfillment of human dignity.

The subject of social responsibility places business at an important crossroads in history. Some hard thinking is needed so that the right course can be charted. This is not the time for slogans, clichés, and wheezes. Clearly, economic functions of business are primary, but this does not negate the existence of noneconomic functions and responsibilities. The price of social freedom is its responsible exercise. ♦

Coming Soon—Commercial Uses for Sunpower

By Jan Oostermeyer

Condensed from Industrial Research

FOR CENTURIES, man has tried to harness the limitless energy of the sun. Recent U.S. attempts to orbit the moon with a "paddlewheel" satellite—with thousands of solar cells on the tiny paddlewheel converting the sun's rays into solar energy to power the satellite's radio and electronic equipment—have brought these continuing efforts into sharp focus.

This striking example of the application of sunpower more than 200,000 miles away may seem unrelated to industry, but such progress leads daily to more "down-to-earth" uses. Solar energy study has progressed from the realm of the amateur inventor to the research laboratory. It already has become so practical that business and industry are now active partners in its development.

Solar energy is coming of age in the communications industry. The silicon solar battery was developed by Bell Telephone Laboratories in 1954; now, thousands of tiny photocells a month are being produced by several firms for a variety of commercial purposes. The cells used to power the paddlewheel's radio transmitters are of this type, as were those used in earlier U.S. and Soviet models. They are also used in portable radios, harbor beacons, highway blinkers, and toys.

Sunpower for space-ship propulsion

is being investigated by several companies, including Westinghouse Research Laboratories, Lockheed Missiles Systems Division, RCA Laboratories, Northrup Aircraft, and Thompson Ramo Wooldridge. One application—proposed by scientists at Westinghouse—is solar sailing. After escaping the earth's atmosphere, the space ship would unfurl a large aluminum-coated plastic sail which could be any size—even an acre. The pressure of sunlight on the sail would move the vehicle like the wind moves a sailboat. At Thompson Ramo Wooldridge, space scientists have developed a self-contained, sunpowered electrical system for space vehicles. It is based on a solar collector focusing heat on a mercury vapor boiler, which in turn drives a small turboalternator.

Solar-activated photoelectric devices now on the market include a solar clock manufactured by General Time's Seth Thomas Division; Zenith's solar-powered hearing aid; and movie and still cameras produced by Bell & Howell.

Another development is the large-scale solar furnace for high-temperature research. More than 30 of these are being used in laboratories throughout the world. Their great advantage is their ability to expose chemicals and metals to extreme temperatures (up to 3500 C.) without contaminating them, as do conventional crucibles or arc furnaces. Small 60-inch solar furnaces are used for research by a number of U.S. industries today. The largest U.S. solar furnace—at the Army's Research & Development Center at Natick, Mass.—can achieve temperatures of 5000 F., making it possible to simulate the heat of a nuclear blast. This furnace is used in testing materials intended to protect troops.

Solar furnaces also have a practical industrial application that could amortize an installation: the production of pure chemicals like alumina, zirconia, and thoria, and pure metals. France's Felix Trombe, of the CNRS Solar Energy Laboratory, has led the way: His 75-kilowatt unit now produces commercial zirconia on a regular basis for Paris firms. His new 1,000-kw. unit is expected to produce some 2,400 kilograms of zirconia per day.

In the United States, approximately one-third of total energy consumption goes for the heating of indoor space. Yet most buildings receive more than enough sunlight to meet year-round heating requirements. In the past two years, several experimental solar houses have been built: the Massachusetts Institute of Technology house in Lexington, Mass.; the G.O.G. Löf house in Denver; the Bridges and Paxton office building in Albuquerque; the Association for Applied Solar Research house near Phoenix; and the University of Arizona solar laboratory building in Tucson. Further research must be done, especially in developing a more efficient heat storage plant, but solar heating may soon enable many home owners to cut their winter fuel bills.

Another use for sunpower is demineralizing seawater for drinking, irrigation, and industrial uses. Three experimental stills, operated in Florida by the Department of Interior's Office of Saline Water, range from 500 to 2,500 square feet; smaller stills for

domestic use, selling for less than $50, have many commercial possibilities. A recent entrant in the solar field is Curtiss-Wright, which carries on a cooperative solar development program with New York University. Already selling a solar fruit drier, Curtiss has many other salable solar products under investigation.

These research achievements and commercial developments represent only the pioneering stage in the utilization of solar energy. There are still many problems to be solved. For example, the sun sheds 30,000 times as much energy on the earth as we currently employ for all purposes. The greatest difficulty in utilizing this tremendous source of power arises not from the sun itself, but from the earth's atmosphere. The sun's rays arrive on earth extremely diffused. The trick is to collect these rays in sufficient quantity without resorting to many expensive acres of collecting units. In addition, sunlight is intermittent. After the sun has set, or on a cloudy day, the power supply is gone. Ways must be found either to store enough sunpower or to supplement it with an auxiliary source.

Once these problems are solved—and experiments to do just that are taking place around the world—the way will be open to the further commercial utilization of solar energy. One application will be the conversion of the sun's power to electricity via thermoelectric or photoelectric converters. These would eliminate the need for an intermediary heat engine; this, in turn, will mean lower capital investment and operating costs. Thermoelectricity once involved expensive, nonpermanent materials. Recent developments at Westinghouse, in the U.S.S.R., and elsewhere, indicate that less expensive semiconductors made of mixed compounds can be used as effectively as today's thermocouples. These semiconductors may also replace silicon cells in the photoelectric batteries now used in satellites and portable radios.

Another remarkable advance is the thermionic converter—a high-powered evacuated thermionic diode that produces a flow of electrons from a heated cathode to a cooled anode. These converters give efficiencies up to 12 per cent, but require parabolic mirrors to produce the high temperatures.

The techniques of utilizing sunpower have advanced to the point where widespread commercial application will be directly related to the funds available for research and development. Pending before Congress are bills calling for $10 million to launch a solar energy research program. Yet, even if solar research does receive government support, there is still room for private industry to exploit this limitless source.

The conventional fuels that have supported our increasing energy requirements will not last more than 100 years, at the present rate of depletion. Soon there will be an acute need for supplementary sources of power. Even if atomic energy is used to power large and medium-sized cities, there will still be many areas of low energy demand where sunpower will have a techno-economic advantage. Sunpower may provide as much as 40 per cent of the total energy needed in the year 2060. ♦

Accidents that occur away from the plant can affect industry just as much as on-the-job injuries . . .

THE HIGH COST OF OFF-THE-JOB ACCIDENTS

JOE WAS PAINTING his house during his vacation, and only a small patch near the eaves remained. "Not too far," he thought, and he reached out. But he misjudged, and over went Joe, paint pail, and ladder. The result: one broken leg and six weeks away from the job.

In a recent year, estimates of national off-the-job accidents included 29,000 persons killed; 2.3 million suffering disabling injuries; and 5 million incurring nondisabling injuries. Industrial man-days lost totaled 5½ million. The total economic loss was $3½ billion, and the dollar loss to employers was $550 million.

Off-the-job accidents affect industry in many ways. One effect is absenteeism, which leads to higher costs and lower production through loss of experienced manpower. Others are increased premiums for those portions of accident and health policies that cover off-the-job accidents; wages paid for time which either is completely nonproductive or results in production below standard; wages paid to replacement workers and to the supervisors who have to train them; the cost of tools and materials damaged by inexpert workers; and wages paid to noninjured workers whose work is delayed because the injured worker is a member of their team.

Personal costs to the injured employee are sometimes beyond measure. In addition to his own suffering, he may be faced with reduced earning power due to a permanent disability. Back on the job, his impairment might lead to worry and anxiety, or carry with it physical pain—all of which could lead to further neglect of safety and to a drop in his efficiency, resulting in an increase in *on*-the-job accidents.

The off-the-job accident toll throughout the country is growing so large that industry must inevitably accept its share of the responsibility for preventive action. A vigorous off-the-job safety program deserves the atten-

National Safety News (June, 1960),

tion and active support of every company.

If a company wishes to set up an off-the-job safety program, the first step is obtaining accurate data. Through analysis of the data, the types of accidents on which to focus attention can be identified. Industry uses various methods and sources for obtaining this data: daily absentee reports; home calls on absentees by a visiting nurse; questioning, by the plant medical department, of employees returning to work after absence due to injury; payroll reports; and the records of insurance companies carrying medical, hospital, and group accident insurance.

Follow-up investigations and interviews of employees injured off the job are usually conducted by the employee's immediate supervisor or by safety department personnel. The information should include the name of the person injured; his age, address, and department; a description and the date of the accident; details of the injury; and the dates of the first full day lost from work and the day of return to work.

After the facts have been gathered, the next step is to analyze them for types of injuries, causes, and frequency, so that the off-the-job safety program can be custom-tailored. In addition, local conditions—location of the plant site and its environment, or employee special interest groups, such as skiing or boating clubs—might suggest topics and activities.

Many companies classify off-the-job injuries in three categories: home, traffic, and public accidents. These categories, and the topics listed under each of them, will furnish numerous themes, which can be organized in various ways. In the field of home safety, for instance, hazards can be tackled room by room or on the basis of age groups. In the case of traffic safety, the program can emphasize a series of areas, such as nighttime driving, slippery conditions, car maintenance, and driver training. If, instead, the program is to be built around accident types and causes, the statistical data contained in records and reports will provide themes. Topics can also be selected to tie in with programs of national scope and interest—such as Fire Prevention Week and Sight Conservation Month—in terms of local conditions.

A receptive climate must be developed if the program is to be launched successfully. Many employees will resent attempts to influence their behavior away from the job, even when they stand to gain. Thus all efforts to create a favorable atmosphere for the program must be in terms of the employee's own interest: the protection of himself and his family. One way is to hold a general meeting of all employees in which proposed activities are explained and the employees' cooperation subtly requested. New employees can be reached through the company's regular indoctrination program. Women in the company, most of whom are both wage earners and homemakers, may be appealed to in their roles as wives and mothers, whose families depend upon them for guidance and security. Supervisors and foremen already familiar with the reasons for preventing work injuries can be shown that precisely the same reasons apply to preventing off-the-job-injuries. Their function as

leaders in setting a good example may be given special emphasis.

Every community has special interest groups that are concerned with safety and will work with the company in its program. These include the local safety council; Chamber of Commerce; service clubs; Red Cross; local papers and radio and TV stations; health, police, and fire departments; parent-teacher associations; and rescue squads and emergency service groups. For example, a company can cooperate with the municipal recreation department in promoting swimming classes or courses in boating safety. The Red Cross can conduct first-aid courses. The local police can be asked to supervise an auto-inspection clinic. Company personnel can in turn provide leadership and support for community activities. For instance, employees can help form local safety councils, assist schools and churches by making safety inspections upon request, or act as volunteer members of local fire departments.

Advance publicity is essential for the success of an off-the-job safety program. The company newspaper or bulletin boards can carry word of the program's initiation to company personnel. The community at large can be informed through spot announcements and stories carried by the local radio and TV stations and the local newspapers.

Once the program gets under way, a frequent change of pace is necessary to keep it from going stale. The task of maintaining employee interest requires ingenuity, imagination, and an understanding of people. The techniques that have kept the occupational safety programs alive can, of course, be used with equal effectiveness in off-the-job safety programs. Many foremen throughout industry give weekly five-minute talks on job hazards to their employees; interspersed among these talks can be some dealing with off-the-job hazards. Other ways of maintaining interest include contests; an off-the-job safety calendar (with a promotional theme each month) for employees' homes; movies and slide films for family-attended employee meetings; pamphlets; books; and even the plant's public-address system or loudspeaker system. The company's suggestion system can also be expanded to include suggestions on off-the-job safety, with publicity and awards for the best ideas. ♦

Convenience Counts

SECRETARIES would rather work in an office building that is easy to get to than in an ultra-modern "prestige" building. That's one fact uncovered by a recent survey of some 800 secretaries, conducted by *Today's Secretary* to help New York financier Erwin S. Wolfson plan his projected Grand Central City office building, reports *Business Week*.

Most of the secretaries said they would sacrifice salary advantages to work in a building easily accessible to transportation. Less than one-fourth of them said they would put a prestige building ahead of pay. Some of the secretaries' other preferences were: offices all on one floor; a partitioned layout, decorated in muted colors; and window curtains.

BRIEF SUMMARIES

of other timely articles

MARKETING

13TH ANNUAL LIST OF NEW MARKET DATA. *Advertising Age* (200 E. Illinois St., Chicago 11, Ill.), April 18, 1960. 25 cents. 1,800 published pieces of available market data—issued by media, trade associations, and other groups—are described and classified to assist marketing and advertising executives to determine which data might be of interest to them. The market data has been classified into eight sections: national, farm, regional and local, Canadian, international, distribution, industrial, and professional. In addition to data presently available, each section includes a list of data soon to be published, as a guide to readers who do not want to miss them.

THE ROLE OF THE LABORATORY. *Modern Packaging* (575 Madison Avenue, New York 22, N.Y.), April, 1960. 75 cents. Thanks to packaging research, the products division of Bristol-Myers Co. cuts its packaging bills by $500,000 a year, while harvesting point-of-purchase benefits from hundreds of new and improved packages, according to this article—and all for an investment of less than 1 per cent of sales. Explaining the why and how of these phenomena (largely due to a ten-year program of systematic reporting of laboratory accomplishments to management, plus carefully planned projection of future packaging requirements), the article highlights procedures that may help other firms obtain comparable results. Photographs.

1960 ANNUAL EXHIBIT. *Marketing* (481 University Avenue, Toronto 2, Canada), Section Two, May 6, 1960. 20 cents. This special supplement presents a collection of 26 outstanding advertising campaigns, the final selections from approximately 200 campaigns submitted by advertising agencies in Canada. The campaigns are discussed in terms of objectives, media and method, duration, and results; in addition, comments following each campaign presentation reveal why it was effective. Included in this supplement are the complete exhibits submitted by each agency, plus a check list of Canadian advertising agency offices, personnel, and accounts.

PRODUCTION

MANUFACTURING RESEARCH AND CAPITAL COSTS. By Roger W. Bolz. *Automation* (Penton Building, Cleveland 13, Ohio), $1.00. Why are progressive manufacturing concerns putting increased emphasis on research and development of production processes and equipment? What policies are they using to determine where costs of such manufacturing research should be charged? And how do income tax provisions and depreciation plans affect these considerations? Reporting comments on these topics from leaders

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throughout American business, the author declares that few companies can remain competitive without adequate investment in manufacturing research and predicts that increasing automation will spur more and more companies to provide for it.

MATERIALS BELOW —100 F. By O. A. Hansen. *Mechanical Engineering* (29 West 39 Street, New York 18, N.Y.), April, 1960. 75 cents. Although the ductility of certain metals decreases or disappears at low temperatures, it can be improved in some cases by the addition of alloys, according to the author, who recommends specific fabrication methods for various industrial materials to achieve the best results at low-temperature operation. In describing their physical properties at well below —100 F., he groups them according to crystalline structure: those forming cubic crystals with an atom in the face of each surface (aluminum, copper, nickel) show an *increase* in ductility; but those forming cubes with a centered atom (iron, steel), or hexagonal crystals (titanium, magnesium) become brittle.

PRODUCTION COUNTING. By Mervin F. Roberts. *Factory* (330 West 42 Street, New York 36, N.Y.), April, 1960. $1.00. A run-down of production counting devices used by a variety of manufacturers, this article points out that, whatever the particular method, it begins with a three-step process: (1) *sensing*—perceiving the units to be counted; (2) logic—adding, subtracting, combining, stopping the machines, and the like; (3) *readout*—reporting the results, either continuously or periodically. Included are photographs and explanations of devices used at specific companies, and a discussion of how to prevent anyone's tampering with the production count.

INDUSTRIAL RELATIONS

A PLACEMENT OFFICER LOOKS AT COMPANY "LITERATURE." By John Lars Johnson. *Journal of College Placement* (35 East Elizabeth Avenue, Bethlehem, Pa.), April, 1960. A company recruiting booklet need not compete with classics in literature, but it should be attractive, clear, and informative, says the author, who illustrates his point by quoting from two recruiting booklets —one elaborately confusing, the other specific and clear. The ideal brochure, in his view, should include information on these subjects: (1) history of the company, its headquarters, plant locations, size, and products; (2) training programs, and what they involve; (3) employment policies; (4) company organization, and the prospective employee's potential place in it; and (5) fringe benefits, health and life insurance coverage, salary, and vacation policies.

MEASURING THE PROFIT IN INDUSTRY TRAINING PROGRAMS. By Robert G. Murdick. *Journal of the American Society of Training Directors* (330 West 42 Street, New York 36, N.Y.), April, 1960. $1.00. Offering a practical approach for measuring the value of educational programs in terms of dollars, the author gives a breakdown of the various types of courses and programs—such as technical, professional, managerial, and advanced degree—and discusses measuring techniques that are applicable to each situation. Though he recognizes that not all benefits can be reduced to dollars, he nevertheless maintains that an examination of those that can be quantified is necessary to determine whether the company is losing money, breaking even, or (in some cases) making a profit on training programs.

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FINANCE

CHECKPOINTS FOR ADMINISTERING CAPITAL EXPENDITURES. By Erich A. Helfert. *California Management Review* (University of California, Los Angeles 24, Calif.), Spring, 1960. $2.00. To insure sound control procedures in administering capital expenditures, the author recommends following the six steps presented here, citing cases in point from the findings of a recent study of three large industrial concerns. Important checkpoints in the procedure are uniformity and thoroughness of project preparation, timeliness and relevance of project approval, observation of time as well as dollar limits in project execution, and meaningful follow-up—including an audit to reveal any significant deviations from a project's expected performance.

INCENTIVE FINANCING—A NEW OPPORTUNITY. By Charles M. and Howard A. Williams (*Harvard Business Review,* Soldiers Field, Boston 63, Mass.), March-April, 1960. Reprints $1.00. To discover trends in the relatively new field of incentive financing, the authors surveyed 14 life insurance companies, representing 45 per cent of the assets of the insurance industry. Incentive financing should become increasingly significant in long-term financing for both institutional investors and business borrowers, they conclude—particularly if the demand for long-term capital continues strong and prospects for stock prices remain favorable.

TRAINING SUPERVISORS IN BUDGETARY RESPONSIBILITIES AND CONTROLS. By William J. Storm. *Journal of the American Society of Training Directors* (330 West 42 Street, New York 36, N.Y.), April, 1960. $1.00. A blueprint for training supervisors in their responsibilities and controls in an established budget procedure, the program presented in this article stresses the importance of selecting a small training group (no more than 20 supervisors) from the same organization, such as production, sales, or office. The author specifies in detail the material to be covered, as well as the method of presenting it.

INSURANCE

TAX ORIENTING THE CORPORATE INSURANCE PROGRAM. By Robert S. Holzman. *Taxes* (4025 West Peterson Avenue, Chicago 46, Ill.), June, 1960. 75 cents. It's often hard work to determine the maximum income tax deduction allowable for maintaining a corporate insurance program or sustaining a loss, says the author, for these provisions are covered in different parts of the Internal Revenue Code—and the court decisions construing them are in different volumes of law reporters. Consolidating information from these sources, he counsels the corporate taxpayer surviving fire, storm, theft, flood, hurricane, or workmen's compensation on how to avoid losing his shirt and still look the revenue agent straight in the eye.

RISK MANAGER IN BUSINESS MANAGEMENT. By Robert A. Rennie. *The Weekly Underwriter* (116 John Street, New York 38, N.Y.), April 30, 1960. 40 cents. Today's risk manager has responsibilities far broader in scope than the purchase of routine insurance policies, according to the author, and they will continue to broaden as he achieves increasingly professional status. Outlining the new areas of responsibility in terms of measuring, distributing, and stabilizing losses, the article points up the need for increasing the use of mathematical techniques—both in determining broad coverage of numerous risks and losses and in making probability forecasts to meet accidental risks that cause year-to-year fluctuations in earnings.

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Executive Job References

(*Continued from page 7*)

favorable or noncommittal references. There's no effective way to beat this one, but you've got to recognize him in order to discount his comments as worthless.

The hatchet man is quick to tell faults first. This isn't necessarily a bad sign in itself, but after he gives you a dozen references that never get warmer than a very mild or conditional recommendation, you begin to wonder. The way to get around this fellow is to ask his opinion about someone you know yourself. The extent of his disparagement will enable you to judge the value of his comments from then on.

The unforgiving one is the employer who thinks that anyone who ever left him is *ipso facto* no good. He'll never say anything good about a former employee, because he honestly believes that anyone who couldn't see the terrific opportunities in his company is a big disappointment and must be quite stupid. Once again, it's the adherence to a single pattern—the same type of reference for all former employees—that sends up the warning signals on this kind of reference.

The bag of wind is a fellow we all know. No matter where he is—giving references, at a cocktail party, or in a business meeting—he's always the same. He's full of words, but when you ask yourself later what he said, you realize that it was just that—words. Repeating what this fellow says—or reading it again—will make the meaninglessness of his remarks apparent.

5. *Follow your intuition*

Sometimes, after all kinds of screening and interviews and reference checks, a candidate just doesn't seem to add up. At this point, it's often best to follow your intuition. Get that one reference you couldn't reach, have another talk with the candidate, but don't hire a man unless you can dispel your doubts about him. If you can't give him your wholehearted enthusiasm at the beginning, it's a poor omen for the future, when unexpected things are bound to arise to test your relationship.

6. *Use a check list*

A check list is just as helpful in checking references as it is in interviewing, but limit the telephone check to key points on questionable areas, rather than attempting to get a complete rundown on everything.

There are three basic points around which every short telephone check list can be organized: character (as exemplified in personal honesty, community activities, use of alcohol, family life); knowledge (experience in the business, technical grasp, ability to handle people and get the most out of them); and industry (self-starting push, will to work and work consistently). Every good executive needs to score well on all three of these points, and it is during the reference-checking stage that much of this valuable information is developed and confirmed.

INFLATED SALARY CLAIMS

One of America's top executives has said, "It seems to be an adage in business that compensation is the one thing you can lie about and still go to Heaven." A professional executive searcher can usually estimate a man's salary within 10 per cent—often right on the head—if he knows the company, the industry, the job, and the length of the man's service in it. But most executives with less experience in this area have a harder time pinpointing an inflated salary claim so exactly.

Former employers are usually reluctant to give out salary information; a frequent answer to a direct question in this personal area is: "I can't remember exactly. We did pay him well, however."

It's natural for a man changing jobs to want to better himself; it's also natural for the new employer to consider his past earnings, at least as a general guide in bracketing the applicant. But it's important to distinguish between what the man actually earned and what he thinks he should have been earning—or what he has talked himself into believing he was earning. By probing for the facts, it is possible to separate base pay, fringe benefits (usually over-priced by the candidate), and the "cushion" that's been added for bargaining purposes. The sample telephone conversation on page 72 illustrates one way in which questioning can elicit this information during a reference check.

All too often, a reference-giver will either unwittingly prevaricate, consciously omit information, or paint too bright a picture—apparently on the theory that it's all right to lie about someone as long as you say nice things and "give him a break."

There are several ways to attempt to overcome this obstacle in reference-checking, all based on one principle: put the reference-giver on the spot, as firmly but as unnoticeably as possible. Here are a few approaches that have worked:

> "I know you wouldn't want him to get into a job that he couldn't handle, so I'm sure you'll give me a frank answer to this question."

SAMPLE REFERENCE CHECK NO. 1

HERE'S AN EXAMPLE of a telephone conversation in which a check on salary is one objective. Note that salary is not brought up first, and observe how a third of the candidate's claimed earnings evaporate during the questioning.

(The conversation begins with the usual identification of the caller and a few pleasantries. Then:)

CHECKER: Mr. Carter, we're looking for a marketing director for our company—a multidivision company whose main products are in the consumer goods field, with some in the industrial field. This person should have come up through sales to a management position where he'd be responsible for planning the whole marketing operation. We'd like a fellow with as broad a background as possible in marketing—with slight preference for an individual with heavy goods background. He should have a knowledge of all areas of sales management, advertising, sales promotion, and market research. I'm sure you know the kind of fellow we're looking for.

MR. CARTER: Yes. I know.

CHECKER: Well, my main reason in calling you is that I talked to a fellow named Tom Green.

MR. C.: Oh, yes—Tom Green.

CHECKER: That's right. He told me that you'd know him.

MR. C.: Yes—Tom used to work for me at the Hamilton Company. Er—Tom's a good man. I know him well. He's a bright, alert fellow. I'd recommend him a hundred per cent. You couldn't go wrong with him.

CHECKER: Well, I was impressed with him. What bothers me, though, is why hasn't he gone further? I know what troubles they have at Hamilton in finding good men, yet this fellow has been pretty static.

MR. C.: Well, you know—you know the Hamilton Company. They've got an awful lot of good young men there, and the fellows just get tired of waiting for a promotion.

CHECKER: Yes, but look at Ed Johnson. He's certainly moved ahead rapidly.

MR. C.: Well, yes—that's true.

CHECKER: Is it because Green doesn't produce, or is there some personal reason?

MR. C.: Oh no, Tom produces, all right. I tell you he's a good man. He just doesn't sell himself too well. Er—he—he's a hard-working person, but you know . . .

> "Suppose you were hiring him (again). What questions would you want to have answered?"
>
> "I know you recognize how important it is—both for the company and the executive—to have a compatible job fit, and I'm sure we can rely on your judgment."

If these approaches don't work, there's another that is helpful in certain circumstances. Try to take the pressure off the reference-giver by noting that it's not a this-job-or-none situation:

> "We're trying to evaluate him in several areas and don't have any particular position in mind for him at the present."

CHECKER: In this job he would have to sell himself to various division heads, and if that isn't one of his strong points, I'm afraid he might run into trouble.

MR. C.: Well, yes—that's true. In a situation where he'd have to sell himself to number of people—this isn't his strong point. He's not aggressive. He's not outgoing. He does a good job, though, at analysis. He's the kind of fellow you put in the back room, and when you want the answers he can come up with them.

CHECKER: He tells me he is equally strong on consumer and industrial goods. What would be your reaction to that?

MR. C.: Well he's, er, he's worked on both. American Nut and Bolt Company has a consumer division, and he worked in there, but I have to admit—I would think he's a little weak in that area. He doesn't seem to have quite the grasp of the problem that he has on the industrial side. Still and all, you know, I suppose that, given the right kind of help, I think he could do a good job in that area. He's a good man. He's a bright fellow.

CHECKER: He tells me he's getting $30,000. Well, the company might be willing to go that high, but I'm not sure—especially for a fellow at his level.

MR. C.: Well, er—you know—that Hamilton Company, they pay well. There's no question about it. They—they do well by their people. That's not too bad—that makes sense.

CHECKER: I would have thought, though, that if he were earning $30,000 that he'd be willing to wait it out and not quit the way he says he did.

MR. C.: Well, of course you have to remember that he probably adds in a lot of the extras—bonus, and benefits, and—I suppose he gets some things, and if you add it all up it'd be close to that.

CHECKER.: In other words, he really didn't earn $30,000, but he puts all his benefits and his hopes together and imagines it adds up to $30,000.

MR. C.: I guess that's about it.

CHECKER: He probably could be hired for $22,000—$23,000, would you say? If it were a good company, of course.

MR. C.: Oh yes, his base—if you got down to his base—and they don't get much of a bonus, really. It's probably 20 or 22, something like that. Yes.

CHECKER: Well, thank you very much, Mr. Carter. Naturally, everything you've said will be held in confidence. I appreciate your taking the time to talk to me.

MR. C.: Not at all. Glad to help.

SAMPLE REFERENCE CHECK NO. 2

HERE'S ANOTHER EXAMPLE of the way in which a skillful interviewer can verify facts about an executive candidate—even to the point of stumbling on unexpected information. Note how the first impression received is changed by the end of the interview.

(The conversation starts with the usual identification of the caller. Then:)

CHECKER: Mr. Bowler, I wanted to ask you about a fellow who used to work for you—Stan Baker.

MR. BOWLER: Oh, yes—yes, he's a young fellow who was in our television department. Fine boy. He's a good worker. Liked him a lot.

CHECKER: That's the fellow.

MR. B.: How is Stan?

CHECKER: He's fine. I've had several meetings with him, and he makes a good impression; but I wanted to ask you a few questions about him.

MR. B.: Surely, I'll be glad to help.

CHECKER: Our agency is anxious to get someone to head up the TV division. So we're looking for a creative man who knows the TV market. First of all, would you call Stan a really creative fellow?

MR. B.: Well, that depends on what you mean. I think it's wrong to put a guy in a spot where—you know, where he's over his head. When Stan worked for me, he was just a young guy on the way up. Frankly, we always thought he was extremely aggressive, but I don't think I'd call him a creative man—if I know what you're getting at when you say "creative." Stan was the kind of a fellow who could put other people's ideas together and work with them. But I wouldn't say that Stan himself was what you would call creative.

CHECKER: You mean he didn't generate the ideas himself?

MR. B.: No, I wouldn't say so.

CHECKER: He used other people's ideas, then. Did he use them well?

MR. B.: I would say he used them well, yes. You know, that television market is a real jungle.

CHECKER: (*Laughs*) I agree with you. How much does he know about the TV market?

MR. B.: Well, in this jungle, one of

Most businessmen want to be conscientious about reference-giving, especially when they are subtly reminded of their moral responsibility, both to the candidate and the reference-checker.

SMALL WORLD

The business world—especially within a single industry—is small indeed. Business contacts and trade associations bring managers together; top executives, by virtue of their positions and their economic circumstances, tend to associate at the same meetings, belong to the same clubs, live in the same suburbs.

This means that a company conducting an executive search finds it difficult to prevent the entire industry from knowing about it. It also means, however, that a well-conducted reference check stands a very good chance of turning up all the information necessary to make a sound decision in filling an executive position. The philanderer who thinks he'll never be seen in a little bistro in New York

the important things you have to get to know is who are the people who can do you some good. And on that point, I'd give Stan good marks. He knew the station managers and the transcription boys, and he was very well able to come into our shop and work with the creative people.

CHECKER: Did he get along well with the people in your shop?

MR. B.: Well, frankly—I don't know how well you know him. He's a very aggressive young fellow—wants to make good in a hurry—and as a result he had a tendency, when he worked with me, to get on people's nerves. In fact, there was one time when one of our best clients threatened to throw us out of his shop because of Stan.

CHECKER: Oh boy—

MR. B.: Because he was on everybody's neck. In our place, for example, he'd give an artist something and two minutes later he'd be back needling him. And we found that he needed pretty close supervision himself. You know, we had to ride herd on him to keep him on the track.

CHECKER: You mean he needed a strong hand to steer him straight?

MR. B.: That's right. (*Laughs*) I guess he got used to that at home.

CHECKER: At home? What do you mean? I got the impression that he was living alone.

MR. B.: No, he's a married man.

CHECKER: He is?

MR. B.: Sure.

CHECKER: Well, this comes as a surprise. I thought he told me he was single.

MR. B.: No, as a matter of fact, I remember very well one day he came in with a wild story about their St. Bernard dog. He said the mutt got up on the table that morning and ate the kid's pablum. He's married, all right.

CHECKER: What do you know about that? Well, I appreciate your help, Mr. Bowler, and you need have no fears about any of this being traced to you.

MR. B.: Oh, that's all right. Keep in mind he's a good kid, but just don't let him go off on his own. He needs rather close handling or he's going to get you in trouble with the accounts, and that's where you live.

CHECKER: Well, I certainly appreciate your frankness. Thanks again.

MR. B.: Any time.

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is relatively safe compared with the job candidate who tries to fly under false colors in getting a new job.

EXECUTIVE REFERENCE CHECKS

Although the checking of executive references is a natural extension of many good procedures used for lower-level jobs, refinements in technique are imperative. References can play a large part in executive selection if handled properly.

Remember that it's important to know as much as you can about the reference-giver—and that significant information, either highly favorable or damning, should be confirmed from another source to reduce the likelihood of bias.

No amount of time is wasted when checking the references of a high-level executive being brought in from the outside. It can be one of the most fruitful investments in the entire recruitment operation. ♦

White-Collar Discontents

(*Continued from page* 15)

harm than good to the union cause, but in the early stages of a campaign they can stir up a great deal of trouble and discontent in your offices.

Jobs in offices should be clearly defined and authority clearly spelled out. If they are not, people will become either apathetic or hostile and angry, working in a constant turmoil and maneuvering for position. In such an environment, employees may look to outside leadership to clarify their situations. Union organizing is much easier in a chaotic situation than in one in which everyone knows what he is supposed to do.

IDENTIFICATION WITH MANAGEMENT

The fourth major ingredient in creating an environment in which white-collar unionization is not so likely to occur is securing employee identification with management and support of the long-range goals and progress of the company. In addition to the points already discussed, there are several other ways in which this can be promoted.

Information

You should keep your office workers informed—through such media as meetings, bulletin boards, and newsletters, as well as through daily contact. They should be taken into your confidence and told what is going on.

Lack of information causes people to feel left out and forces them to reach conclusions without the correct facts. The result can often be the sabotaging of your efforts. People who know what is going on can do a better, more creative job, and can make valuable contributions to the company. This implies, of course, that you are also going to consult them and listen to their ideas. The employee who is listened to, and who finds that his suggestions are used and recognized, is not likely to want a union steward interfering with this relationship.

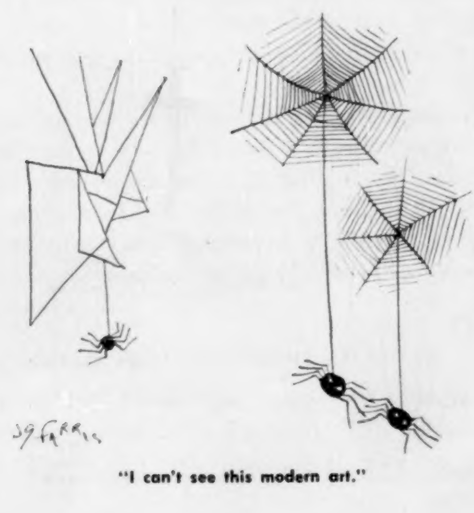
A well-understood complaint procedure is very important, not only to enable people to communicate with management, but to

permit minor problems to be solved before they become major problems. The complaint procedure should be spelled out in employee handbooks and policy manuals.

Job Security

If people are to identify themselves with management and its long-range goals, they must be able to work without being in constant fear of losing their jobs. Offices that obviously need more efficient machines and automatic devices, or those that are in the process of being streamlined, can be full of insecurity. Employees cannot work efficiently when they are anxious and looking for reassurance. Moreover, insecure persons usually look for a protector, and if you don't protect your employees, a union will be more than willing to do it for you.

What, for example, is your company's policy with regard to office automation? Are people afraid that they will lose their jobs as you bring in new machines? Or do you have a policy that employees



"I can't see this modern art."

will not be released because of technological changes, and that the problem will be handled by normal attrition? If you do have such a policy, and people know it, they will be more likely to help you make changes, rather than resisting them.

Discharging people who have been with you for 15 or 20 years cannot be expected to make your work force feel very secure or help them to identify with you and your goals. Some employers have kept ineffective and nonproductive people year after year because they were afraid to face the situation; then, because of some incident or because a new management wanted to "clean house," the employees were fired.

The time to discharge inefficient employees is early in their period of employment—at the end of the first six months or year—when it becomes clear that their performance cannot be improved. You cannot afford to have people feel that length of service means nothing, and that they can be discharged at any time. This does not

"We've found that Hedley works best under pressure."

mean, of course, that you must guarantee lifetime jobs, but it does mean that facing your problems early is better for everyone, including the employees affected.

Performance Review

Regular and systematic performance reviews not only improve performance, but keep people feeling that they are part of the company's future plans. Unless you tell people how they are doing, they may think they are doing better or worse than they are—or they may fluctuate from one conviction to the other. Small matters become magnified, and everything you do is evaluated in terms of whether it is favorable or unfavorable to them. The person who feels that he is not doing well is insecure. The person who feels that he is really a superior employee floats blithely along, until one day the balloon is suddenly punctured; then he, too, is insecure, and probably resentful as well. Both people are candidates for the union organizer. Their own fantasies do not give them enough security—they want someone to reassure them that their work is satisfactory, or to tell them how they can improve.

Status Symbols

Symbols are also important in helping people to identify themselves with the company. The time clock, for example, is a symbol of regimentation. The weekly time sheet is a symbol of more freedom and privilege; moreover, in many situations it is easier to administer.

Job titles are also important symbols. The work of each employee should be accurately reflected in his title. People who are doing routine paper work do not object to being called "clerk" nearly so much as do supervisors and professional accountants. If a person's title doesn't adequately express what he is doing, if he is constantly forced to explain or apologize to his friends in the community, he feels uncomfortable and unfairly treated.

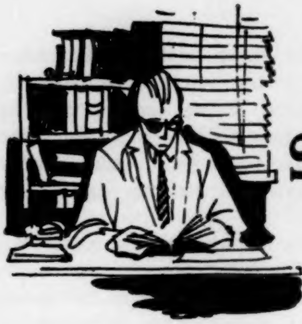
EMPLOYEE-MANAGEMENT RELATIONS

Basically, all this means that companies must be organized properly in order to avoid being organized. This implies centralized direction of all personnel and industrial relations functions; it also

implies that all members of management must do an effective job so that employees prefer to deal directly with their supervisors, instead of getting a union representative to do their talking.

This, of course, is the kind of working environment you want in your company, union or no union. If your offices and laboratories should be unionized, it will result in smoother and more harmonious administration of the labor contract; if they are not, this kind of environment will go far to convince white-collar employees that they don't need a union to assure them of fair and considerate treatment.

We shall find out how capable we are as managers during the next several years, and the extent of unionization among our white-collar employees may well be a partial index of our effectiveness. ♦



SURVEY OF BOOKS FOR EXECUTIVES

Human Relations Made Too Easy

McMURRY'S MANAGEMENT CLINIC. By Robert N. McMurry in collaboration with Ruth G. Shaeffer and Lawrence E. de Neufville. Simon & Schuster, Inc., 650 Fifth Avenue, New York, 1960. 205 pages. $3.95.

*Reviewed by Frederick Hauser**

Light of vein, though serious in its basic intent, this book offers, in question-and-answer form, "solutions to 89 management problems about people," to quote its subtitle. Its aim is to illustrate in practical terms Dr. McMurry's approach to a representative sample of the questions commonly raised by managements concerned about the human factor in business and industry.

This book will probably compete successfully for the crowded shelf space of the business executive audience to which it is addressed for several reasons: the importance of the personnel and organizational problems it considers, the consciously (perhaps self-consciously) pragmatic orientation of the proffered solutions, and its sheer readability. Unfortunately, in his attempt to provide a cookbook of personnel management, the author has assumed on many issues a doctrinaire stance that cannot be supported at our present level of knowledge. His stance is particularly weakened by a persistent psychological assumption, which at one point he expresses as follows: "There are certain fundamental concepts and certain basic principles concerning human behavior which consistently hold true." This reviewer seriously doubts the certainty that can be accorded this assertion when it is evaluated in terms not only of the status of current personnel and industrial psychological research, but of the status of psychological science itself.

Time after time, Dr. McMurry makes excessive claims for the easy identification of executive and other talents and the ease with which behavior can be predicted—presumably by using his techniques. Thus, "a good trainee for middle management bears about as much resemblance to the trainee who will eventually become a successful company president as a

* Employment Manager, Kenyon & Eckhardt, Inc., New York.

young sparrow does to an eaglet. *There is no problem in differentiating them at all.*" (Italics mine.) Addressed to a professional audience, such a claim would be received with deserved skepticism and a request for validating data. Addressed to a lay audience, it constitutes an unsubstantiated and misleading premise. While the author is obviously familiar with psychological techniques in personnel work and is properly aware of their shortcomings, the implied near-infallibility of his own methods is difficult to accept.

The questions the author discusses make it abundantly clear that he is thoroughly familiar with the kinds of problems that drive executives to consultants. They are questions that are frequently asked in real situations, and many are handled in this book in an informed, common-sense manner. It is disconcerting, however, to note an approach to human-relations problems that often borders on the cynical. The extent to which this reflects the author's views and the extent to which it is a side effect of his flip, journalistic style must be decided by the reader.

McMurry's Management Clinic deserves further censure because of its endless self-aggrandizement. In continually referring to solutions that the McMurry organization alone can provide and in its undisguised urgings that the reader retain the firm's services, this book resembles an ambitious advertising mailing piece. Its highly promotional nature is most irritating and not at all in keeping with our expectations of a publication in the field of management.

This reviewer feels compelled to take the author to task still further for the many nostrums he proposes, with little or no support for the effectiveness of his prescriptions. The utter flatfootedness of many of his statements will astonish the critical reader.

In his foreword to the book, Professor Bursk of Harvard comments that the long experience of the author and his associates as management consultants endows them with the right to be heard and the opportunity to stir our thinking, even though we may not agree with them. Although this reviewer heartily endorses this position, he is sorely disappointed that he finds so little in this book with which he is able to agree.

The Well-Tempered Corporation

THE MEANING OF MODERN BUSINESS. By Richard Eells. Columbia University Press, 1125 Amsterdam Avenue, New York, 1960. 427 pages. $7.50.

*Reviewed by Henry A. du Flon**

In *The Meaning of Modern Business,* Richard Eells has written a book that should prove both immediately useful and historically important. It should prove immediately useful in at least three ways: through its statement of trends in the developing philosophy of American business,

* Director, McKinsey Foundation for Management Research, Inc.

through its construction of valuable conceptual frameworks, and through its definition of specific areas of needed research. It should prove historically important as a scholarly, insightful account of the dilemma of corporate responsibilities at a critical time in the world's history.

The author's recognition of the tendency of large organizations to perpetuate what they have achieved, rather than to adapt to the changes in our society that their very development has helped to bring into being, raises at the very start of this book the question of whether large corporate organizations as we know them today can survive. The tendency to manage within the context of "the found solution" results inevitably in inadequate attention being given to the impact of what the author terms the two major alterations in twentieth-century affairs: the change in the perception of time, and the development of massive organization.

Mr. Eell's observation of this change in the nature of modern man's perception of time is well stated in the introduction to his study:

> The secrets of nature explored in laboratories bring into being new technologies which, in their turn, are dedicated to exploiting these secrets further. The microscope, the telescope, and now the computer have added to human senses and to memory an acuity never dreamed of by the scholar and technician of the past. Information media developed by science and engineering have cut distance down into units of minutes rather than units of miles. And time, once slow and reckoned traditionally in terms of ages, centuries, scores, or decades, is now as speeded up as is modern transportation by comparison with the carts and coaches that rumbled over our highways less than a hundred years ago. It has been a cliché of experience in any generation to observe that "times change," but it is safe to say today that time as a factor in human affairs must be viewed in a totally new context. It is no longer a type of conveyor belt but a medium in which we are suspended.

The tendency of managers to operate largely on the basis of past experience and their inadequate analysis of the impact of scientific and social change has given rise to many questions. There is, for example, an increasing, restless inquiry into the administration of big business corporations and big labor unions. Government has been asked to take a hand in controlling their growth and influence, but government itself is now so large that people are uncertain whether it is wise to extend its influence further. Mr. Eells sees yet another dilemma here: "Government is deterred by law from doing much to settle people's minds in this matter and is usually unwilling to ask for new legislation lest it impair substantive guarantees such as freedom of association."

Mr. Eells points out that traditional organizations like the State, the Church, and the Army have the advantage in this dilemma of an established rationale for their activities and functions. Government has its

prerogatives and responsibilities under a constitution or a charter; the Church has its theology; and the Army has a science of war as well as its code of military justice. For all these institutions, there are rules by which they live or let live, and they have further a conceded authority over their particular sectors of society that is held in some deference and can, if necessary, be used coercively. If there is wisdom in their leadership, they are equipped to foresee, to correct, to change and to progress, and to continue to survive.

But the case of the economic organization is quite different: "It is a newcomer to the organizational hierarchy, and it has reached its present status far too fast to have had time to do much theorizing about either its ends or its means. Both corporations and unions are now recognized as complex systems of private government, yet there is no body of theory either to direct or to account for their functions in society."

This book proposes two kinds of questions about the business corporation that might clarify its nature and objectives as a human institution. One is a scientific question, answerable only by definition of what the corporation is and what functions it actually performs. The other is a normative one, answerable only in terms of preferred values, and it asks what the corporation should be.

Mr. Eells points out that we are in the middle of a socio-political debate as to the proper scope and objectives of business in our society, especially those of the business corporation. He draws for our consideration two "models" of the modern corporation that stand at opposite poles. At one extreme is the position that the corporation is nothing but the organizational arm of its stockholders as private-property owners. Under this concept, profit maximization for the owners is sometimes urged as the sole legitimate function of corporate enterprise. In this traditional view of the corporation, austerity in the use of its resources is the keynote, with enhancement of the equity of owners as the single purpose.

At the other extreme is the model of the social corporation with a wide range of social purposes and objectives. From this point of view, it is what the author terms a kind of "metro-corporation," with a host of interest groups under its protection. Its professional managers maintain a balance of interest among competing claimants, but more than this, they become "socially responsible" for the welfare of these claimants in numerous ways. The traditional corporation was concerned only with the "economic man," but the metro-corporation thinks of the "whole man." This last attitude, according to the author, results from the fact that many different groups contribute to the success of a business, and there are therefore many different claimants on the valuable thing the company produces.

These products are not entirely—or perhaps even mainly—economic in the classical sense. Indeed, the twentieth-century business enterprise has become more than a specialized agency of society's economic function; the large corporation is seen by some as a smaller model of the greater

society, catering to a wide range of noneconomic needs of those associated with it.

In between these extreme views of the "traditional" corporation and the "metro-corporation," Mr. Eells suggests for our consideration a third model — what he calls, using an ancient term of musicology, the "well-tempered" corporation.

In this analysis, the institution of corporate enterprise, voicing as it does many of the goal-values of men, is but one theme in the complex structure of the social order. To remain in harmony with modern growth and perennial human aspiration it, too, must adjust and be in tune. In short, to survive it must become—and remain—a well-tempered corporation.

Of special usefulness also is the author's identification and discussion of five specific areas of needed research: corporate goals and objectives; the policy- and decision-making process; strategic decisions; relationship between the corporation and its environment; and the governmental process within the corporation.

This book deserves a wider audience than the American reader to whom it is primarily addressed. It should be read also by foreign students of our free-enterprise system, presenting as it does a unique commentary on the continuing search in this country for an ever more vital philosophy of business.

Briefer Book Notes

(Please order books directly from publishers)

GENERAL

THE MEN FROM THE BOYS. By Perrin Stryker. Harper & Brothers, 49 East 33 Street, New York, 1960. 237 pages. $3.95. An exploration of the personality traits that distinguish full-fledged executives from ordinary, competent managers, cast in the form of fictional letters, memoranda, diaries, and dialogues. The author, a member of the board of editors of *Fortune* magazine (in which four of the 11 chapters originally appeared), concludes that qualities like good judgment, cooperation, and leadership are much more complex than is commonly acknowledged, and that it is not the mere possession of them, but the subtle and ever-varying proportions in which they are applied, that makes an executive.

THE LAW AND THE PROFITS. By C. Northcote Parkinson. Houghton Mifflin Company, 2 Park Street, Boston, Mass., 1960. 246 pages. $3.50. Just as work expands to fill the time available for its completion, so expenditure, Professor Parkinson now bids us note, rises to meet income. Exploring the ramifications of this hitherto unperceived principle in his own inimitable fashion, he here provides some useful ammunition for those who hold that excessive taxation and its inevitable concomitant, unbridled government spending, will be the ruin of us all.

COMPARATIVE STUDIES IN ADMINISTRATION. Edited by the Staff of the Administrative Science Center, University of Pittsburgh Press, 3309, Cathedral of Learning, Pittsburgh, Penna., 1959. 224 pages. Cloth, $6.00; paperbound, $3.95. The first volume in the University's Series in Comparative Administration, this theoretical study of the principles of administration is based on material about several kinds of organization—educational, medical, military, social welfare, and industrial—from several kinds of society (including even the Fox Indian society). The papers, written by social and behavioral scientists, are grouped under four major headings: organizational comparisons, environmental comparisons, variations in process, and research frontiers.

THE THEORY OF THE GROWTH OF THE FIRM. By Edith Tilton Penrose. John Wiley & Sons, Inc., 440 Fourth Avenue, New York, 1959. 272 pages. $6.00. An analysis of the principles that govern the growth of firms and determine how fast and how long they can grow. Among the subjects considered are internal growth, growth through merger and acquisition, the impact of various external conditions upon growing firms, the differing situations of small and large firms in the economy, changing rates of growth, and the process of industrial concentration.

ORGANIZING YOUR JOB IN MANAGEMENT. By Carl Heyel. American Management Association, Inc., 1515 Broadway, New York, 1960. 208 pages. AMA members, $3.50; non-members, $5.25. Viewing the problem of inadequate time as a symptom of deeper troubles in performing one's job, this handbook explains how the operating executive can analyze his situation, identify the real problems, and take appropriate action. It deals with such specific problems as worry and tension, delegation, efficient handling of business conferences, communications, and improving one's reading skill.

IMS CLINIC PROCEEDINGS, 1959. Industrial Management Society, 330 South Wells Street, Chicago, Ill., 1960. 171 pages. $6.00. These six lectures and panel discussions cover various aspects of work measurement, work simplification, cost reduction, materials handling, plant layout, wage administration, operations research, and human relations.

PROCEEDINGS OF THE SECOND TOP MANAGEMENT SEMINAR ON EXECUTIVE PRACTICES AND METHODS, 1959. H. B. Maynard and Company, Inc., 718 Wallace Avenue, Pittsburgh, Penna., 1960. 231 pages. $10.00. The papers delivered at this five-day conference, sponsored jointly by the University of Miami and H. B. Maynard and Company, management consultants, cover five broad subjects: new responsibilities for managers, exercising management controls, planning for profit and measuring results, opportunities for improving management performance, and managing the future.

MANAGEMENT IN THE INDUSTRIAL WORLD: *An International Analysis.* By Frederick Harbison and Charles A. Myers. McGraw-Hill Book Company, Inc., 330 West 42 Street, New York, 1959. 413 pages. $7.00. A joint product of the Industrial Relations Sections of Princeton University and the Massachusetts Institute of Technology, this study attempts to provide a concept of management relevant to societies in all stages of industrial development. The first part, written by Messrs. Harbison and Myers, analyzes management as an economic resource, as a system of authority, and as a class or elite. The

second part consists of a collection of essays by various authorities on management in 11 foreign countries and in America, and on the management of foreign firms in economically underdeveloped countries.

BUSINESS RESPONSIBILITY IN ACTION. Edited by Dan H. Fenn, Jr. McGraw-Hill Book Company, Inc., 330 West 42 Street, New York, 1960. 159 pages. $4.75. An edited version of the four panel discussions that took place at the 29th Annual Harvard Business School Conference. The case studies discussed illustrate four aspects of the practical meaning of the abstract term "business responsibility"—in a company's relations to itself and its immediate community, in international operations, in urban renewal, and in politics.

INTRODUCTION TO BUSINESS ENTERPRISE. By Wayne L. McNaughton. John Wiley & Sons, Inc., 440 Fourth Avenue, New York, 1960. 538 pages. $6.25. Intended primarily as a text for beginning students of business, this book contains sections on forms of business ownership, financing, risk taking, housing and equipment, business management, and the like. Each chapter gives questions for discussion and investigation and a list of bibliographical references.

PRINCIPLES OF BUSINESS ORGANIZATION AND OPERATION. (Third Edition.) By William R. Spriegel. Prentice-Hall, Inc., Englewood Cliffs, N.J., 1960. 592 pages. $10.60. Preserving the basic approach of earlier editions, this college textbook has been broadened by the addition of five new chapters so that it now covers the entire field of management. All data and examples have been brought up to date, and new illustrations, bibliographies, notes, and indices have been added.

HOW TO BECOME A SUCCESSFUL EXECUTIVE. By Eugene J. Benge. Frederick Fell, Inc., 386 Park Avenue South, New York, 1960. 337 pages. $4.95. A primer for lower-level and would-be executives, this book introduces such management tasks as sales analysis, cost reduction, and the management of capital, and explains how to satisfy such personal needs as health, financial security, and emotional development.

THE STAGES OF ECONOMIC GROWTH: *A Non-Communist Manifesto*. By W. W. Rostow. Cambridge University Press, 32 East 57 Street, New York, 1960. 179 pages. Cloth, $3.75; paper, $1.45. As an alternative to Marx's theory of modern history, Professor Rostow offers a set of five economic stages of growth, illustrating each stage with examples from history and from contemporary experience. He then compares the patterns of growth of Russia and the United States in the past century, applies his theory to the history of war, and examines its implications for contemporary international problems.

TECHNIQUES FOR EFFICIENT REMEMBERING. By Donald A. Laird and Eleanor C. Laird. McGraw-Hill Book Company, Inc., 330 West 42 Street, New York, 1960. 188 pages. $3.95. Avoiding gimmicks, this self-help book gives four general rules for remembering based on the research findings of psychologists and suggests a few of the applications of each rule. A bibliography of recommended readings is included.

MARKETING

THE SEARCH FOR CERTAINTY IN ADVERTISING. Edited by Donald B. Gooch. Bureau of Business Research, School of Business Administration, The University of Michigan, Ann Arbor, Mich., 1960. 99 pages. $4.00. These proceedings of the 1959 Advertising Conference at The University of Michigan comprise six talks and a concluding panel discussion. The papers range from a philosophical examination of the illusion of certainty to a detailed, illustrated explanation of scientific methodology and a report on one company's use of an integrated advertising program for long-range objectives.

CREATIVE SELLING. By Charles F. Lohse. Charles Scribner's Sons, 595 Fifth Avenue, New York, 1960. 212 pages. $4.95. Emphasizing the importance of imagination in successful selling, the author, who is Director of Sales Training and Personnel for the Crown Zellerbach Corporation, tells how the imagination can be trained and stimulated and provides numerous exercises. This handsome book, illustrated with many line drawings, also deals with the principles of selling, the personality requirements of salesmen, and day-to-day selling problems.

OFFICE

TODAY'S BUSINESS MACHINES. By Harrison Fisher. American Technical Society, 850 East 58 Street, Chicago, Ill., 1959. 120 pages. $4.95. Describes and explains every kind of business machine, from the typewriter to the digital computer. Illustrated with photographs, the book can be used either to guide management in selecting specific machines or to train employees in their use.

AN INTRODUCTION TO ELECTRONIC DATA PROCESSING. By Roger Nett and Stanley A. Hetzler. The Free Press of Glencoe, 119 West Lake Street, Chicago, Ill., 1959. 287 pages. $6.75. A thorough and readable guide for the layman, explaining the technology and techniques of EDP and the personnel organization and training it entails. Includes an appendix describing computer systems now available and a bibliography.

OFFICE BUILDING AND OFFICE LAYOUT PLANNING. By Kenneth H. Ripnen. McGraw-Hill Book Company, Inc., 330 West 42 Street, New York, 1960. 182 pages. $10.00. The first half of this detailed guide gives information on space control, lighting, air conditioning, underfloor ducts, and other elements of office planning. The second half, on the choice of new office space, discusses the relative merits of renting and building, tells how to choose an architect, examines modernization programs, and so on. The book contains numerous diagrams, including a variety of typical office layouts.

THE PUNCHED CARD/DATA PROCESSING ANNUAL: *Applications and Reference Guide, Vol. I.* Gille Associates, Inc., 956 Maccabees Building, Detroit, Mich., 1959. 239 pages. $9.00. Intended for the use of specialists, this compendium includes a guide to computers (with comparative tables and individual descriptions), a survey of applications by industry and by type of equipment, and a directory of suppliers of data-processing equipment and services. A number of signed articles describe particular applications and offer wiring tips and techniques.

Q&A on AMA

Q. *I was unable to attend a recent AMA meeting which covered a subject of great interest to me. Can I obtain a copy of the proceedings or other report of this meeting?*

A. No form of printed report can adequately substitute for personal participation in the active give-and-take of an AMA session. However, one of the primary objectives of AMA's publications and of the Association's Management Information Service is to preserve and make available to members information and materials of broad and lasting significance that has been developed in AMA meetings.

The nature of the material and the type of meeting determine the form in which material from an AMA session is preserved. Conferences and Briefing Sessions may result in special publications or in one or more articles in AMA periodicals. An Orientation Seminar might provide a section for one of AMA's basic texts, or result in valuable exhibits for the Management Information Service. On the other hand, Workshop Seminars are by policy "off the record"; no material is available from these meetings.

*** If you have any questions about AMA's program or policies, please submit them to AMA's Member Service Section. All inquiries will be answered promptly. Those questions of most general interest will appear in this feature in subsequent issues of *The Management Review*.**